The NATIONAL UNDERWRITER

Published weekly at 175 W. Jackson Blvd., Chicago 4, Illinois. Second class postage paid at Chicago.

The National Weekly Newspaper of Fire and Casualty Insurance

30¢ a copy
$7.50 a Year

December 15, 1961
65th Year, No. 50

Progress Is Order Of The Day At NAIC Gathering

Much Activity In Areas Of Conflict Of Interest, Rating Laws, Examinations

By JOHN BURRIDGE

In terms of accomplishment, the winter meeting of National Assn. of Insurance Commissioners last week in Dallas was one of the best. Positions or decisions were arrived at in a number of areas, and progress was the order of the day. Commissioner F. Britton McConnell summed up the spirit of the convention when he said, speaking on another matter, that NAIC can only attempt to maintain good regulation or improve it where possible. Perfection is unattainable and is not the goal.

A&S Also Discussed

In the fire and casualty field, there was much activity in the areas of guaranty funds for insolvencies; rentals for air travel policy machines at air terminals; catastrophe factor in EC rating; conflict of interest, and the rating laws. Additionally, a number of A&S matters were debated or reported upon.

And there was the on again off again Sen. Secrest and the mystifying discussion of the National Bureau franchise plan.

The life people staged the biggest show of the meeting, the debate on cost plus- stop loss -no claim reserve group

(CONTINUED ON PAGE 48)

Berry Boosts No Prior Approval, Tells Commissioners' Sincerity

Basic arguments of highly persuasive force in favor of no prior approval rate regulation were offered members of the Insurance Group of the Union League Club of Chicago last week by J. Raymond Berry, general counsel of the National Board of Fire Underwriters. Mr. Berry was presenting the National Board's point of view. He spoke on a subject that has been worked over with thoroughness in the past year, but he developed a line of reasoning that had an obvious impact on the audience, in which were all of the officers of Illinois Assn. of Insurance Agents.

Mr. Berry said he has no faith that converts can be won by reading speeches about rate regulation. So much has been said already that the only way to change people's minds is to sit down man to man.

Opposed Idea

The National Board, he said, never favored prior approval of rates. It opposed the idea at the time of the all industry committee for the same reasons it opposes it now, that it feared domination and shackling of the business by people in public office. Those fears of the early 1940s are justified today, he declared.

In those days of the drafting of the all industry bill, the producers took no position on either side of the rate question.

Insurance commissioners who oppose any change from the prior approval approach are genuinely concerned that less than what they have might be damaging to the public interest and lead to insolvencies, Mr. Berry said. Official position of the National Assn. of Insurance Agents is that there be no change from the present system, but Mr. Berry said he has detected an in-between pattern favored by some state associations. On the other hand, in some states with no prior approval laws, agents have been instrumental in having prior approval bills introduced in the legislature.

No Question Of Sincerity

There is no question about the sincerity of the commissioners' fear that the solvency balance might be upset under no prior approval, Mr. Berry said, adding that he hopes the record might be used to prove that this need not be a deterrent, that management is the real key to solvency. Some of the other objections he termed nonsubstantial, among these the concern that under no prior approval companies would file rates every 30 or 60 days, a penny lower each time, in order to keep their filing from being

(CONTINUED ON PAGE 52)

National Bureau's Manual Assessment Program Is Detailed

The new manual assessment program of National Bureau of Casualty Underwriters, will, according to bureau estimates, recover approximately $800,000 in 1961 from companies not previously billed for manual preparation expense at a cost to these companies currently of anywhere from .0001786 to .0002227 for each premium dollar, according to line of business. The data on status of the manual purchaser program was given in detail to members of the executive committee at its recent meeting.

700 Companies Participating

Approximately 700 companies, including members, state service subscribers and manual purchasers, are participating in the program. The bureau expects to effect a saving of nearly $1 million by next year for member and subscriber companies.

Prior to 1961, bureau members paid the printing cost for the manuals and subscribers of independent companies paid twice the printing cost, there being no limitation as to who could purchase manuals except that the special auto policy program was available only to members and subscribers. National Bureau executives at a meeting in November of 1960, approved a program designed to spread the cost of developing the manuals among all companies which used them. The bureau, as a rate making organization, collects statistics, combines them, interprets them, and settles on the best consensus for practical and desirable rules and rates. After the rule and rate program is developed, the bureau makes appropriate filings on behalf of its members and subscribers, and when they are approved, rules and rate pages are distributed to manual holders. Before the new program was adopted, the manual purchaser companies were at liberty to use the bureau rules, classifications and rates for individual filings, often with only minor or no changes, with no development expense, and with a

(CONTINUED ON PAGE 51)

IAC Told To Focus On Communications; New NAIA Plan Set

Agent-Company Co-op Ad Campaign Starts In 1962; Agent Awards Promoted

By JOHN N. COSGROVE

NEW YORK—Ad managers at the midyear meeting here of Insurance Advertising Conference were reminded by John P. Kelley, ad director of Goodyear Tire & Rubber Co., that advertising is primarily "telling not selling." He cautioned his audience not to become identified with the "sales curve," but to concentrate on their function as communicators. His advice keynoted the meeting's theme of communications in depth.

Frank Schaffer, Doremus & Co., Big I ad agency, introduced the National Assn. of Insurance Agents' plan for cooperative company-agency advertising.

100 On Hand

Nearly 100 were on hand for the affair at which the insurance ad men's expanding role in reaching broader audiences with their companies' messages was reflected.

Mr. Kelley had other good advice with regard to the problem of getting an ad budget accepted by top management. The advertising men should approach this task from the viewpoint of the top company officials and "speak their lingo." A vital necessity is to put 10% of the ad budget into research projects so that management can be sold on the basis of hard facts.

Melvin H. Blackburn, Aetna Casualty, chairman of the expanded IAC award program, reported that member companies have already "entered" approximately 2,000 producers in next year's competition. They are being chosen by field men, and screened through the latter's advertising departments. Mr. Blackburn considers this

(CONTINUED ON PAGE 42)

AFIA Operations In Gratifying Growth; Mayes Is Exec. V-P

Worldwide operations of American Foreign Insurance Assn. from July, 1960, to June 1961 showed steady increases, James O. Nichols, president, reported at the annual meeting in New York. Gross premiums rose from $56.9 to $61.9 million, while net premiums were up from $41.4 million to $46.6 million.

F. Arthur Mayes is joining AFIA as executive vice-president. He has been vice-president in charge of the international division of Marsh & McLennan. J. A. Morone and A. I. Terhune have been advanced from secretaries to vice-presidents of AFIA.

An increase in AFIA unearned premiums and in the reserve for incurred but not reported losses contributed substantially to the reduction in overall underwriting gain and to a corresponding decrease in the net income compared with the previous year. Exchange rates also were reflected in AFIA's results, due to inflationary and political turmoils in a number of coun-

(CONTINUED ON PAGE 47)

Clarke Smith, president of Royal-Globe, and Lillian Hughes of the group's Christmas fund committee look over part of the collection of toys and dolls donated by employes for children in homes and hospitals. The group's employe - sponsored Christmas projects also include gifts for hospitalized servicemen and provision for needy families of clothing, toys, a tree with decorations and Christmas dinner with all the trimmings.

Shepard, Whitford, Daum And Noyes Named By Reliance

Two Reliance officers—Raymond G. Shepard, vice-president and manager

R. G. Shepard

George V. Whitford

of the New York department, and George V. Whitford, vice-president and manager of the western department—are assuming new executive responsibilities at the home office.

Mr. Shepard will take charge of fire and marine field operations in the New England and middle Atlantic territories, and Mr. Whitford will have similar responsibility for all other areas.

Richard W. Daum, secretary, replaces Mr. Shepard in the New York department, and Harry J. Noyes, secretary, succeeds Mr. Whitford.

Mr. Shepard joined Reliance in 1941 as marine special agent at Newark and in 1947 was named marine superintendent of agencies. He was elected secretary in 1950 and named head of marine operations in 1954. He is a director of New York Board, American Institute of Marine Underwriters, Lloyd's Register of Shipping, Board of Underwriters of New York, and is on the executive committee of Inland Marine Underwriters Assn.

Other Careers

Mr. Whitford, with Reliance since 1936, was a marine special agent in the midwest before becoming assistant manager of the western department in Chicago. He was named secretary in 1950, vice-president in 1954, and head of the western department in Madison, Wis., in 1957. He is secretary of Society of CPCU and is a director of Underwriters Service Assn. and Underwriters Adjusting Co.

Mr. Daum was with Northern Assurance before joining Reliance in 1945. He was made assistant manager of the New York department in 1949 and was elected secretary in 1955. Mr. Noyes entered the business in 1933 with Johnson & Higgins and after agency experience went with Reliance as marine state agent in Ohio. He was transferred to the home office in 1950 and became marine superintendent and then manager of the marine department. He was named assistant secretary in 1956 and secretary in 1957 when he was assigned to the western department as assistant manager.

Horr Named Treasurer

Robert G. Horr Jr., assistant treasurer of Agricultural, has been elected treasurer. He was with Bank of New York prior to joining Agricultural in 1955. He was elected assistant treasurer in 1960. R.G. Horr is president of the company.

Harold W. Tomlinson, formerly vice-president and treasurer, will continue as financial vice-president for the companies of Agricultural group.

National Bureau Replies To Wrap-Up Criticisms

Soundly conceived plans of wrap-up rating are in the best interest of the insuring public, Richard Elliott, manager of the general liability division of National Bureau, said in a statement filed with the New York department. The latter has been conducting hearings on a North America proposal to write workmen's compensation and general liability on construction of New York City Housing Authority.

The bureau in its memorandum takes up the many objections to the plan that have been made to the department and answers them.

It has been charged that wrap-up rating plans in general, and North America's plan in particular, violate the state's general business law, which declares illegal and void "contracts or agreements for monopoly or in restraint of trade."

Only Assertions

These are nothing more than assertions, the bureau states. The communications to the department do not contain a shred of evidence in support of this far fetched allegation. Wrap-up rating, like any other form of rate making, is subject to regulation under article VIII of the New York insurance law and accordingly is not subject to New York or federal anti-trust laws. The "anti-trust" charges made by the opponents of wrap-up rating are frivolous.

It also has been alleged that the proposed wrap-up rating plan and wrap-up rating in general constitute an unfair method of competition.

This allegation is also an assertion unsupported by factual proof. One letter to the department refers to section 210 of the New York insurance law and section 442-a of the penal law, violation of which constitutes an unfair method of competition within the meaning of section 273 of the insurance law. Section 210 is totally inapplicable to wrap-up rating for general liability and WC since it applies exclusively to discrimination as to brokers in connection with policies of insurance on mortgaged property issued by life insurance companies, the bureau stated. Section 442-a of the penal law is also totally inapplicable, since it is concerned exclusively with the placement of insurance in connection with the business of financing the purchase of real or personal property or of lending money on the security of such property.

Another letter to the department charges that wrap-up rating would violate sections 442-b and 442-c of the penal law, which also deal with unfair competition within the meaning of section 273 of the insurance law. These charges also are unfounded. Section 442-c relates exclusively to the placement of surety bonds in connection with public building or construction contracts. Section 442-b applies to WC ("insurance provided in discharge of any statutory requirement of this state"), but its prohibition extends exclusively to persons, firms or corpora-

(CONTINUED ON PAGE 27)

Many Oppose N.A. Wrap-Up Proposal At N. Y. Hearing

NEW YORK—An overflow crowd of more than 80 turned out for the second session of the insurance department's hearing on a proposal by North America to write workmen's compensation and general liability on all New York City Housing Authority construction projects under a single wrap-up program. New York Compensation Insurance Rating Board and National Bureau had declined to file the plan for North America. The latter, while strongly in favor of the wrap-up approach, was not sure the North America proposal is legal, for one reason because it covers many rather than a single site.

Of approximately 30 communications to the department regarding the plan practically all are against it. In fact, aside from North America, New York City Housing Authority, and National Bureau, everyone expressing himself so far has been opposed to it.

The opposition includes Mutual Agents Assn. of New York State, Greater New York Brokers Assn., electrical contractors, Assn. of Brick Mason Contractors, Assn. of Contracting Plumbers, Brokers Assn. Joint Council, a group calling itself the Committee Against Wrap-Ups, and many more.

The insurance department has not indicated its position but will rule on the plan later.

At this session of the hearings, National Bureau put in a lengthy discussion of what it regards as the principal issues raised by the wrap-up rating approach and the answers to them. This discussion is reported separately. John N. Reid of Watters & Donovan is counsel for the bureau, which was also

(CONTINUED ON PAGE 33)

Espie Is New Head Of Accountants' Society

Society of Insurance Accountants at its annual meeting in New York elected Robert G. Espie, Aetna Casualty, president to succeed John B. Stewart, Fireman's Fund. Other new officers are William J. Robinson, North America, executive vice-president, and Samuel H. Gamble, Great American, vice-president.

Reelected were Finn D. Nilsson, Royal-Globe, treasurer, and Everard P. Smith, retired U. S. manager of Norwich Union, secretary. Named to the executive committee were Mr. Stewart, William G. Bregartner, Chubb & Son, and Arthur E. Crandall, Phoenix of Hartford.

Lloyd's Elects Milligan

P. W. Milligan, a director of Sedgwick Collins & Co., has been elected chairman of Lloyd's for 1962. J. N. S. Ridgers, a marine underwriter, was elected deputy chairman.

Mr. Milligan was elected an underwriting member of Lloyd's in 1934. He has been a member of the Committee of Lloyd's since 1954 and was deputy chairman of Lloyd's in 1957 and 1960. He is a non-marine underwriter. He was chairman of Lloyd's Underwriters' Fire & Non-Marine Assn. in 1958.

Mr. Ridgers became an underwriting member of Lloyd's in 1932 and became a member of the Committee of Lloyd's in 1957. He is chairman of Lloyd's Underwriters' Assn. He has been a member of the Salvage Assn. committee since 1953.

Bigham Named President Of Seibels, Bruce

Seibels, Bruce & Co. has elected James Bigham president to succeed John J. Seibels, who will continue as chairman.

Mr. Bigham, who had been senior executive vice-president, has spent his entire business career with the company. He is executive vice-president South Carolina Ins. Co., vice-president Consolidated American, and a member of the executive committee of Southeastern Underwriters Assn.

—

General Adjustment Bureau has promoted Jacob L. Froess to resident adjuster at a new office in Alamosa, Col. He has been at Denver since 1949.

Sees Farmowners As Stock Edge On Mutuals, Urges Latter To Use It

A revolution in farming operations has brought about a complete change in insurance requirements for the farmer, according to W. H. Rodda, manager of Transportation Insurance Rating Bureau. In a talk at the Mutual Insurance Technical Conference at Chicago, he stressed the advantages of the stock companies in meeting these new requirements.

Their weapon is the farmowners policy, deliberately designed to corral as much as possible of the preferred farm risks. One of its competitive features is the absence of any permission or provision for other insurance. The policy is also designed to cover farm property where the operations are either in the hands of the owner or under his direct supervision.

The present trend indicates that a larger and larger portion of the desirable farm business will be written under farmowners, and that it will be placed increasingly in the stock companies. Only a small proportion of the larger mutuals are writing farmowners, and the local farm mutuals have not moved in any great number to meet the loss of business now facing them. The question for the larger multiple line mutuals is whether it is feasible and desirable for them to enter the farm field and write business under farmowners, Mr. Rodda said.

Value, Hazards Multiplied

Insurance on farms is now directly comparable to that on city business, he continued. In the past, fire insurance was feasible on a local basis for several reasons. The values were not high. A generation ago, a farm with $10,000 worth of property was a big one. The only hazards which the farmer recognized were fire and wind-

(CONTINUED ON PAGE 29)

Atlantic Mutual's Elevated Officials Have Broad Careers

Robert M. Perce, who has been named senior vice-president of Atlantic Mutual in charge of production and business development, was in the agency business before joining the company in 1941 as a special agent. He was named general manager of the midwest division in Chicago in 1952 and was elevated to vice-president in 1955. He has been at the home office since 1960.

Robert M. Perce

E. V. Silver Jr., new senior vice-president in charge of underwriting, was with Fireman's Fund for 26 years before going with Atlantic Mutual in 1955 as vice-president in charge of the multiple lines department.

E. V. Silver Jr.

E. Kenwood Hawley

E. Kenwood Hawley, who is elevated from secretary to vice-president, was with Aetna Casualty and Fireman's Fund before joining Atlantic Mutual in 1957. He was named secretary in 1959. Mr. Hawley is in charge of the casualty department.

GAB Reports $9 Million Paid Already On L.A. Brush Fire Cases

LOS ANGELES—Final loss payments, totaling $9 million, have been made in 72% of the cases assigned to General Adjustment Bureau as a result of the disastrous, early November brush fires here.

Phil Simkins, GAB regional manager, said that in most cases still open policyholders have requested more time to finish their inventories of possessions lost. "Under ordinary circumstances, drafting an inventory from memory is time consuming, and losses in this fire are far from ordinary. In many of these homes the value of contents destroyed was as much or more than the value of the building, making the job even more difficult for the insured," Mr. Simkins siad.

He noted that accurate inventories which will show both the insured and uninsured loss become extremely important to the homeowner as a supporting record for income tax purposes.

MR. Simkins indicated many capital stock companies represented by GAB have made advance partial payments to their policyholders, when needed, to remove any economic pressure for early settlement the homeowner might otherwise feel.

Already, more than $700,000 has been allocated by the stock companies for payment to their policyholders as additional living expenses. It was pointed out that in many cases the insurance policy provides reimbursement for extra expenses incurred through taking up semi-permanent residence while permanent homes are rebuilt.

—

Fulton Ad Manager Of Employers Liability

Employers Liability group has appointed Alexander M. Fulton advertising manager. Previously for 11 years he was in advertising and sales promotion with manufacturers of scientific equipment. He holds a degree in business administration from Boston University.

FR Forms Program Cuts Costs Sharply

The uniform financial responsibility forms program approved by American Assn. of Motor Vehicle Administrators will be used by the motor vehicle departments of 35 states by Jan. 1. The program was initiated by National Bureau a year ago and was endorsed by National Assn. of Independent Insurers and Mutual Insurance Rating Bureau. It was developed to simplify the handling of these forms and incorporates many recommendations made by motor vehicle administrators.

Financial responsibility had more than 200 forms excluding accident reports in use in the states before the uniform forms program was adopted. Since then 145 separate FR forms have been eliminated. This has already saved the insurance business many thousands of dollars in printing and maintenance costs, according to National Bureau. It has also helped state motor vehicle administrators by simplifying their work flow processes and decreasing the possibility of errors in filing procedures.

Other States Willing

Other states have indicated a willingness to adopt the program and details are now being worked out with administrators. The bureau hopes that by the enf of 1962 the program will be adopted in every state where an FR law exists. At present the program has been approved by Alabama, Alaska, Arizona, Arkansas, Colorado, Delaware, District of Columbia, Florida, Hawaii, Idaho, Iowa, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Rhode Island, South Dakota, Utah, Virginia, and Wisconsin.

Kratovil Again Marine Unit Head; Nuclear Protection Discussed

Emil O. Kratovil, Carpinter & Baker, was reelected president of American Institute of Marine Underwriters and of Board of Underwriters of New York at the annual meeting in New York. Other officers were also reelected.

In his remarks at the meeting, Mr. Kratovil noted that insurance of the liabilities involved in nuclear cargo and nuclear powered ships will depend upon inter-governmental agreements and essential national legislation.

The American market recognizes that it will be some years before there is a need for a full solution to the problem of providing such protection, he observed, but because of the high amounts involved it is essential that governments reach early agreement on liability limits with respect to such vessels.

Directors named are Roy E. Carr, Providence Washington; W. H. Curwen, Royal-Globe; Robert L. Maxwell, Home; Gilbert B. Oxford, Boston, and John C. Ulreich, Commercial Union.

Phoenix Promotes Gray

Edward A. Gray has been promoted to assistant manager of the New York metropolitan department of Phoenix of Hartford group. He joined the company in New York in 1949 and was transferred to the home office special risk and inland marine departments in 1951. In 1952 he went to the Montreal office and in 1953 was appointed assistant manager at Toronto.

Cal. Assigned Risk To Ask Driving Data

After March 1, 1962, applications in California for insurance will not be accepted for assignment to companies unless accompanied by the official driving record of the applicant and all other drivers of the insured car, California Automobile Assigned Risk Plan has announced.

Thomas G. Aston Jr., plan manager, said that various producer groups as well as companies favored the change because it would eliminate confusion as to the exact record of an applicant. "Many people quite honestly cannot remember their traffic violation records," Mr. Aston said, "and if a premium is determined on a partial driving record, cost of obtaining the information on the basis of the final information from Sacramento."

Producers will be able to use a simple form for requesting information from the state on an applicant's driving record; cost of obtaining the information to be borne by California Automobile Assigned Risk Plan.

According to the state motor vehicle department, the information will be available within 48 hours and a search of all out-of-file and in-process records will be made. The plan has the approval of Commissioner F. Britton McConnell.

Maine AR Revision

Maine has approved a revision in rules governing the handling of automobile assigned risks, effective Jan. 1. Rates will be uniform for all insurers and will be based on the plan's own experience. Agents will get an 8% commission with a $4 minimum, and the fifth revision of the standard automobile liability contract will be used for private passenger cars. Insurers get a credit in assignments for voluntarily writing class 2 risks.

Jacobs Tells How Marketing Function Was Revised In All Basic Aspects

The insurance business belatedly realized that its marketing hat was on backwards, J. P. Jacobs, president Hardware Mutuals of Stevens Point, declared in a talk at Mutual Insurance Technical Conference in Chicago.

In describing the steps his own organization took to reorganize completely its home office marketing setup, Mr. Jacobs noted that the group has present expectations of a volume in excess of $110 million, equally divided between commercial and personal lines. About 800 direct-writer salesmen will produce this.

New Marketing Focus

Mr. Jacobs stressed the new marketing focus on the consumer and his needs, and sketched other elements of the "revolution" in the business before describing how his own company was hit hard in its home state about six years ago. The company is the second largest writer of private auto insurance in Wisconsin, Farmers of Madison being the leader. The Wisconsin district manager of Hardware Mutuals reported that private passenger renewals were falling off seriously. It seemed that a company, with constant exposure to people "over the counter," had accumulated a substantial file of expiration dates. Its salesmen had developed a neat sales pitch: "Why not use your dividend check as the down payment on a cheaper policy?"

Price Not Enough

Mr. Jacobs' company countered fire with fire. It developed a "net-rate" auto policy. Although this ran counter to the tradition of a dividend paying mutual, its success in meeting the competitive threat established firmly the necessity of a low going-in price in today's market. A similar policy was adopted by the company in California in 1959.

The company, however, was convinced that it could not long survive with low prices as the sole marketing weapon. It realized that the revolution in marketing made mandatory equally drastic changes in home office organization, and these were undertaken. Relatively few revisions were necessary in field organization, except to move all sales, claims and underwriting functions closer to the customer.

In May, 1960, marketing organization was streamlined when all home office functions were divided into three areas of responsibility. Staff functions reported to the president. All operations—home office, field and data processing center—reported to the executive vice-president operations. A new position, executive vice-president marketing, was created, and later in the year a new marketing staff organization was created in the home office.

Other Changes

Sales and underwriting have disappeared as functional units, but few changes were made in staffing. Sales and underwriting personnel assumed new positions and new responsibilities. No one sells more effectively than a good underwriter turned salesman, Mr. Jacobs observed, if he keeps in mind top priority of surplus growth.

Field underwriting and sales departments had never been directly controlled from the home office and they do not now receive direction from

(CONTINUED ON PAGE 51)

Measuring Ad Results Is Complex; Values Lie In Total Marketing

By JOHN N. COSGROVE

Insurance executives—in common with management in other types of business—have long puzzled over the question of how to measure the effectiveness of advertising. Now that insurers of all types are becoming increasingly competitive and are increasing their advertising budgets, the question becomes even more important.

Up to now, no satisfactory standard for gauging the performance of advertising has been developed. A recent report on the subject by Assn. of National Advertisers has some merits, although they are more negative and cautionary than positive and specific.

For example, the report points out, as many "experts" have done in the past, that sales results alone are not a measure of ad performance. Advertising, the report notes, is only one of a number of marketing forces that may lead to a sale. The other factors include the appearance and quality of the product, price, point of purchase, package design, personal selling, promotion, and publicity.

It is significant that the most important factor of all—the nature of the product—was not mentioned. The basic product is what determines the marketing procedure. Some products can be marketed through an advertising program alone. The mail order business provides proof. That flourishing business contraverts the assertion that sales results alone are not a good measure of ad performance. Of course, the word "ad" here includes paid space, direct mail folders, letters and the like, but the full burden of marketing in mail order rests on advertising.

Is An Exception

But this is an exception that proves the rule that sales results should not be equated with advertising effectiveness. In other lines of business, the products are radically different from the elementary wares of mail order houses. This is particularly true of insurance. Its intangibility demands—as few if any other products do—full and unremitting use of all other marketing forces in addition to advertising.

When the purveyors of most other products advertise, they are trying to reach and sell to anyone who can pay for the item concerned. When insurers advertise, they are aiming at

(CONTINUED ON PAGE 31)

U.S. Survey Shows More Than 50% Of Aged With Some Hospital Coverage

The hospital costs of more than one-half of those people over age 65 who have been hospitalized between June, 1958, and June, 1960, were covered at least in part by some form of private health insurance, according to a survey conducted by U.S. Public Health Service.

The service surveyed some 75,000 households, comprising 245,000 people, for its sampling. The survey encompassed only personal hospital coverage and did not include such other sources of payment for hospital bills as medical and surgical insurance.

In the service's sampling, it was found that 53% of the men over 65 had some part of their hospital bills covered, while 49% of the women were so covered.

In age groups under age 65, the survey shows, 71% of male hospital patients were covered and in some age groups the total rose as high as 76%. Also, the higher the income of a group, the larger was the proportion of those having some form of hospital coverage. The range started with about 40% in families with incomes under $2,000 annually, to 81% in families with annual income of $7,000 and more.

Many IM Rates Rise, Garment Floater Is Completely Revised

A number of changes have been filed by Inland Marine Insurance Bureau, effective Jan. 1. Decreases are being made in floor plan and equipment dealers coverages. On the first, rules presently provide for a decrease of 10% from rates developed by the filed formula; this reduction is increased to 20%. On the second, the present decrease of 8% from formula rates is increased to 15%.

On all the other coverages involved in the filing, rates go up. Musical instruments go from $3.20 to $3.50 per $100 for the first $500, from $1.30 to $1.45 for the next $1,000, and from 45 to 50 cents for amounts in excess of $1,500. Personal jewelry rates outside specifically rated cities and counties increased from $1.20 to $1.45 for the first $5,000 and from $1.10 to $1.30 for more than $5,000.

Stamp and coin collections rise from 65 to 75 cents for the first $5,000, 40 to 45 for the next $10,000, and 25 to 30 for more than $15,000. Theatrical floaters, which presently require an increase of 25% over formula rates, will take a 40% increase. Travel baggage rates go up 25%.

Revise Garment Floater

The garment contractors floater has been completely revised, along with the rules and rating formula. Coverage is broadened. Basic rates remain unchanged except for men's and boys' wear, on which they go up 20%. Some of this increase is offset, however, by changes made in other parts of the formula. Value reporting provisions are discontinued and replaced with gross sales forms. Insured has the option of reporting by month, quarter, six months, or a year. This filing has already become applicable in most jurisdictions.

The personal property floater rates have been changed, all up but one, in several specific territories.

NAIA Executives Meet

National Bureau's franchise filing and credit card travel coverage are agenda topics for the meeting this weekend in New York of the executive committee of National Assn. of Insurance Agents.

A progress report on the Big I campaign and other aspects of NAIA activity are other features. Under consideration also are plans for the midyear meeting in Albuquerque April 29-May 1 and for the annual in Washington Sept. 25-26.

Tells Of Canada's Action On Law, Unlicensed Insurers, Tax Matters

Canada's position regarding unlicensed insurance, insurance law and tax laws applying to insurance is not static. Anyone concerned with Canadian risks must keep informed or face the danger of unexpected penalties or sudden changes in past arrangements, according to John F. Bray, insurance manager Imperial Oil Limited.

In a talk at the Pipe Line Insurance Managers Conference at Oklahoma City, Mr. Bray noted that there have been material changes in Canadian regulation in 1961 and there are more to come in the near future.

As background, Mr. Bray reviewed the supervising authorities in Canada. As to insurance companies and their licensing, each of the 10 provinces has its own insurance act and a superintendent to enforce it; each of the two northern territories has an insurance ordinance and a commissioner to enforce it. In addition, there is a federal act with federal licensing and a federal superintendent, a feature lacking in the U.S.

Other Rules

Companies of Canadian origin may operate with a provincial license only, although many have the federal license as well. With one exception, however, all companies of foreign origin must have a federal license plus provincial licenses in those provinces where they do business, if they are to be considered as admitted. The exception is London Lloyd's which is licensed provincially. Under the law in almost all provinces, the issuance of a policy covering a property, risk, exposure, or a liability in the province is defined as doing insurance business there, Mr. Bray explained.

Agents and brokers are not under federal supervision, but must secure licenses from the provinces and territories where they have risks insured.

With regard to tax authorities, Mr. Bray said that premium taxes—generally at the rate of 2%—are levied on licensed insurers by the provinces only. All companies must pay the federal income taxes and, in addition, there are now some provincial income taxes.

Authorities Bearing Down

Unlicensed insurance is the area on which all the authorities in Canada are beginning to bear down harder with new regulations. As recently as last July, the federal tax law was changed. For many years prior to that, a federal tax of 10% of premiums had applied to insurance on property with unlicensed insurers. Under the new amendment, the tax applies to all classes, except marine, life and A&S, as well as, conditionally, some nuclear energy coverages. In Canada, inland marine does not come under this marine exception.

That is only the beginning, Mr. Bray continued. All provinces, except Newfoundland and Nova Scotia, collect a further tax on unlicensed insurance, ranging from 2% of premium to as much as 50% in one instance.

The insured has the right to buy unlicensed insurance on his own risks, but from that point on, the requirements become more and more arduous. In the majority of provinces this can be done legally only through a broker specially licensed for the purpose. The insured, or the special broker in some cases, must then report his unlicensed purchase at least twice—federally and provincially—by a certain date each year. In one case, he must report within 30 days of the effective date. The taxes outlined must be paid, and there are penalties for late reporting. Failure to report, under some acts, can result in an additional fine of $50 per day for the length of time the purchase has gone unreported.

These laws apply to all companies conducting business in Canada. A company, or any of its subsidiaries, is deemed to do business in Canada and in the province involved, if it has any property, operations, office or even one employe there, Mr. Bray observed.

Cites Pitfalls

He said that in checking policies which apply in Canada, either entirely or as an extension of American or worldwide coverage, two other pitfalls must be carefully watched:

1. The identical company signing the policy must have a Canadian license. Many groups of insurance companies do not have all companies entered.
2. Determining that the company has a federal Canadian license is not enough. You must verify that it has a provincial license in each province where you have exposure. Where the provincial licenses are lacking, it is unli-

(CONTINUED ON PAGE 46)

Eyes Rise In U. S. Excess Market, Cites Examples Of Broad Protection

Unlike its application in the mass market, the single policy approach for fire and casualty hazards is not the solution to the complex problems of corporate coverage buyers, according to Thomas F. Sheehan, assistant vice-president Crum & Forster. He spoke at a seminar on custom designed insurance, sponsored by Boston chapter of CPCU at the Harvard Club.

The knowledgeable corporate buyer knows the needs of his company and realizes that no set of "standard" policy forms can fit these needs completely and economically. He is able to analyze his firm's risks, establish insurable values and determine the type and amount of coverage required. Moreover, he can ascertain what the protection should cost and the comparative charges of full cover, deductible or excess of loss, and self insurance.

Former Limitations

Too often, however, when the buyer's analysis is completed and he approaches the insurance business with specific coverage in mind, he is told what standard policy he should buy, with as few changes as the printed endorsements will permit, or with the manuscript endorsements now approved, Mr. Sheehan observed.

For too many years, the only market available to the corporate buyer for custom made coverage was London Lloyd's, Mr. Sheehan continued. That facility's flexibility makes it willing to entertain proposals to meet the specific needs of any company. Thus the buyers have traditionally looked to it for capacity fire limits; high amounts of public and auto liability; catastrophe limits above a self insured program, and for coverage on special events or high hazard operations unattractive to the primary insurer.

But the U. S. excess and surplus market has grown substantially in recent years, with particular interest in catastrophe coverage, Mr. Sheehan declared. He referred to his own group's comprehensive form which floats above the primary policies for auto, public, employers and other liability, and "drops down" to a minimum deductible of $25,000 where the loss is covered under the umbrella form.

Examples Given

Mr. Sheehan described the broad protection afforded by this form and noted its few exclusions. He illustrated his commentary by noting cases covered by the comprehensive policy but not by primary insurance:

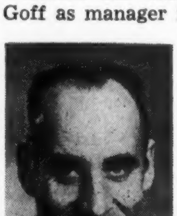
1. In the operation of a metallurgical firm's smelter process, sulphur dioxide gas was emitted from the stacks of the smelter, causing smoke damage to growing crops. The claim was settled for approximately $100,000 in excess of self insurance of $25,000.

2. In another case the insured was a brewer and yeast manufacturer. Waste material from the yeast was ejected into a river and upstream chemical substances also contaminated the water. During the summer, a dry spell brought the water level down

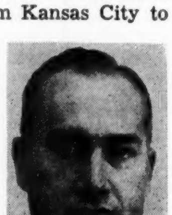
(CONTINUED ON PAGE 34)

Zurich Makes Changes At K.C., East Orange

Zurich has transferred C. Richard Goff as manager from Kansas City to East Orange, N. J. The latter office will now report directly to the home office. John T. Hughes, who had been manager at East Orange under New York supervision, has been named sales superintendent there.



C. Richard Goff



Jerry L. Stephenson

Jerry L. Stephenson, sales superintendent at Kansas City, has been advanced to succeed Mr. Goff. H. A. Young Jr. has been transferred as superintendent of claims from Minneapolis to East Orange.

Goff's Background Given

Mr. Goff joined the company in 1957 as midwest field representative at Kansas City. He was named manager in 1958. Mr. Hughes went with Zurich in 1959 at New York.

Mr. Stephenson has been with the company since 1959, when he became sales manager at Kansas City. Mr. Young joined Zurich at Philadelphia in 1942. He was named claims superintendent there in 1959 and superintendent of claims at Minneapolis in 1960.

General Accident Names McGuire

General Accident group has appointed John F. McGuire manager at Columbus, O. He entered the business in 1929 with American in New York and Ohio. Subsequently, he was with Indemnity of North America as special agent and supervising underwriter in Ohio.

After Navy service he was with a Cleveland agency as associate manager.

—

Rhode Island Fieldmen's Assn. has elected Robert F. Staples of Home president, William J. Adams of Travelers vice-president, Edward H. Berube of New Hampshire secretary, and Richard Divver of Employers Liability treasurer.

Substandard Fire Loss Adjusting

By JOHN HAGENSICK
Fire Loss Manager
Reserve Of Chicago

(Part two of two parts from a talk delivered at the University of Miami Fire Investigation and Subrogation Seminar.)

Coinsurance can also become a double edged sword and cut back at the insurance company on a substandard risk. This paradoxical situation arises because the coinsurance clause is predicated on the actual cash value (replacement cost less depreciation) of the building and the market value is ignored. In order to meet fully the coinsurance requirement, an insured may be forced to purchase an amount of insurance far in excess of the purchase cost or capitalization of the building. Insurance brokers condone this action as they do not want their insured to be penalized on a partial loss.

There have been cynical remarks about this disturbing situation, such as, "The coinsurance clause is an invitation to arson." A problem that confronts the adjuster of substandard fire losses, especially during a general economic decline, is that a climate of rigid enforcement of local building regulations involving the need of extra expenditures such as repair of a rotting foundation or replacement of the heating system will undoubtedly produce some temptation to sell the building to the insurance company—if it is insured for more than its market value because of the coinsurance clause.

Hypothetical Case

A hypothetical case can be readily conjured: A prospective insured desires to invest his money in a venture with a low risk and a high rate of return. After a limited search he finds a four flat apartment in a run-down neighborhood with a selling price of $18,000. This appeals to him because with a rental income of $100 per month on each apartment, he can completely capitalize his investment within four to five years. Property taxes on this type of property are low and maintenance expenses are expected to be kept at a minimum. Because of a necessary mortgage he realizes he must have insurance on the building. He wants to reduce expenses as much as possible so he considers buying just enough insurance to satisfy his mortgage. But, then he discovers that it is difficult to buy insurance in this area and his broker can place it only in an insurance company with substandard facilities and only with a mandatory 80% coinsurance clause. His broker determines the value of the building and arrives at a replacement cost of $80,000—and a sound value of $40,000. The broker recommends to the prospective insured that he purchase at least a $32,000 policy and to be on the safe side a $35,000 policy to cover any increases due to inflation. Since he does not want to be penalized by a fire loss, the logical choice is to take the advice of the broker and buy a $35,000 policy. With this added expense, the insured becomes more avaricious and then rents the basement as two apartments. His greed grows and he converts the four apartments into eight living units. He must reduce his rent to $75 per month but he has increased his gross income from the original $400 per month to $750.

Then the bubble bursts, the local crusading newspaper brings to the attention of the public the conditions brought about by slum landlords. The local building authorities check the insured's building and because of the numerous building code violations cause the building to be vacated. The insured is now left without any income from the building, contemplated expensive alterations and a $35,000 insurance policy. After the last tenant has been evicted, a fire of unknown origin causes extensive damage. This example may be extreme; however, there are many variations of this theme and they all add up to "arson for profit." Fortunately, the majority of people are intrinsically honest and would never consider committing an act of arson. There is a minority; however, who believe it is impossible to detect arson fires.

Offers Solution

How can this problem be solved? The paramount solution lies in sound underwriting practice by the insurance company, such as inspection of all applications, constant review of building violations cited by the local authorities, etc. The loss department assists this program by making recommendations where a loss is involved.

In the event of a suspicious fire, the adjuster checks with the fire department to learn of the circumstances surrounding the loss. This information is incorporated into the adjuster's preliminary report and forwarded to the insurance company. This is the extent of the adjuster's task on the arson phase of the claim. He is not expected to be a qualified arson investigator nor with a normal adjustment workload would he have the necessary time for a proper investigation.

The insurance company's fire loss manager must then chart the course of any investigation that is to be made. He may choose from several alternatives. He can rely on the local police and fire authorities to investigate the fire, but unfortunately they are generally limited by a shortage of time and personnel. The loss manager can utilize the services of bureau investigators but with their heavy schedule they cannot pursue the investigation unless the arson is obvious. He can employ the services of one of the several private firms that spe-

(CONTINUED ON PAGE 22)

Land Travel Through Coin Machines In N.J. And Pa.

American Home is offering in New Jersey land travel policies through Policymatic coin machines, which will be supervised by licensed agents. The one-week coverage at a premium of $1 will provide $7,500 in accidental death benefits and up to $500 in medical expenses. Machines will be at 2,000 locations.

In Pennsylvania, Life Assurance Co. of Pennsylvania has introduced the program. Its policies insure for $5,000 for seven days in case of accidental death from injuries sustained in an automobile, bus or train and can be purchased up to a maximum of $20,000 at 50 cents per policy.

La. ARs Rise 20.9%

During the year ended with June, 1961, Louisiana Automobile Assigned Risk Plan handled 22,571 new and renewal policies, an increase of 20.9% over the preceding year. Of the 13,883 new applications, 16.4% were over age 65, 20.2% were under age 25, 10.9% were for risks filing financial responsibility, 8.8% were on military personnel, and 43.7% were for all others.

Developments, Problems In AR Field

Developments in the handling of assigned risks were reported to the Mutual Insurance Technical Conference in Chicago by Eldon W. Day, resident secretary of Lumbermens Mutual Casualty at New York. Such risks are being written in more and more states at uniform rates. Connecticut, Mississippi, New Jersey, and Rhode Island are expected to have uniform rates for non-fleet private cars effective Jan. 1.

National Advisory Committee on Assigned Risk Plans, which has been the policy making advisory group for the plan since 1947, has developed two uniform plans, plan A, which is the present one and which provides for uniform rates, and plan B, a new plan that also provides for uniform rates but also recognizes merit rating. Under plan B the preference of the national committee is for use of a restricted form of coverage as presently being used in New Mexico. The next preference is the fifth edition of the basic automobile policy, and that form now is finding the most favor.

Change In Rule

Previously, all insurers in a plan had to vote for changes before they could become effective, Mr. Day said. This rule has been changed. Now changes can be made unless disapproved by 10% of subscribers that represent 20% or more of the direct automobile BI premiums in the state, or unless opposed by 20% of subscribers by number.

In connection with the introduction of merit rating, in some states assigned risks are lower than voluntary rates. Here the recommendation is for all rates to be more than voluntary rates applicable under the safe driver plan of National Bureau, which is used as the bench mark.

Some years ago, Mr. Day said, surcharging of all so-called clean assigned risks was abandoned. The results have demonstrated the unwisdom of the move. Experience on clean risks has been worse than on surcharged risks. Consquently, surcharges have been restored in more than 20 states for clean risks.

Depopulation Effort

The business is much concerned about the rising population in the AR plans, he said. Credits for voluntary coverage of class 2 risks have been adopted in North and South Carolina, Minnesota, New York, and Wisconsin. This will, it is hoped, help depopulate the plans.

However, Mr. Day added, "constant pressure by producers is being brought for increases in production allowances" on assigned risks. It is their contention that in view of the increased amount of work they do on such risks, they are not being adequately compensated. In Florida a 15% commission on ARs was enacted into law. The history of the Florida plan shows that this has been an incentive to put risks into the plan. There was a surprising increase in the number of applications.

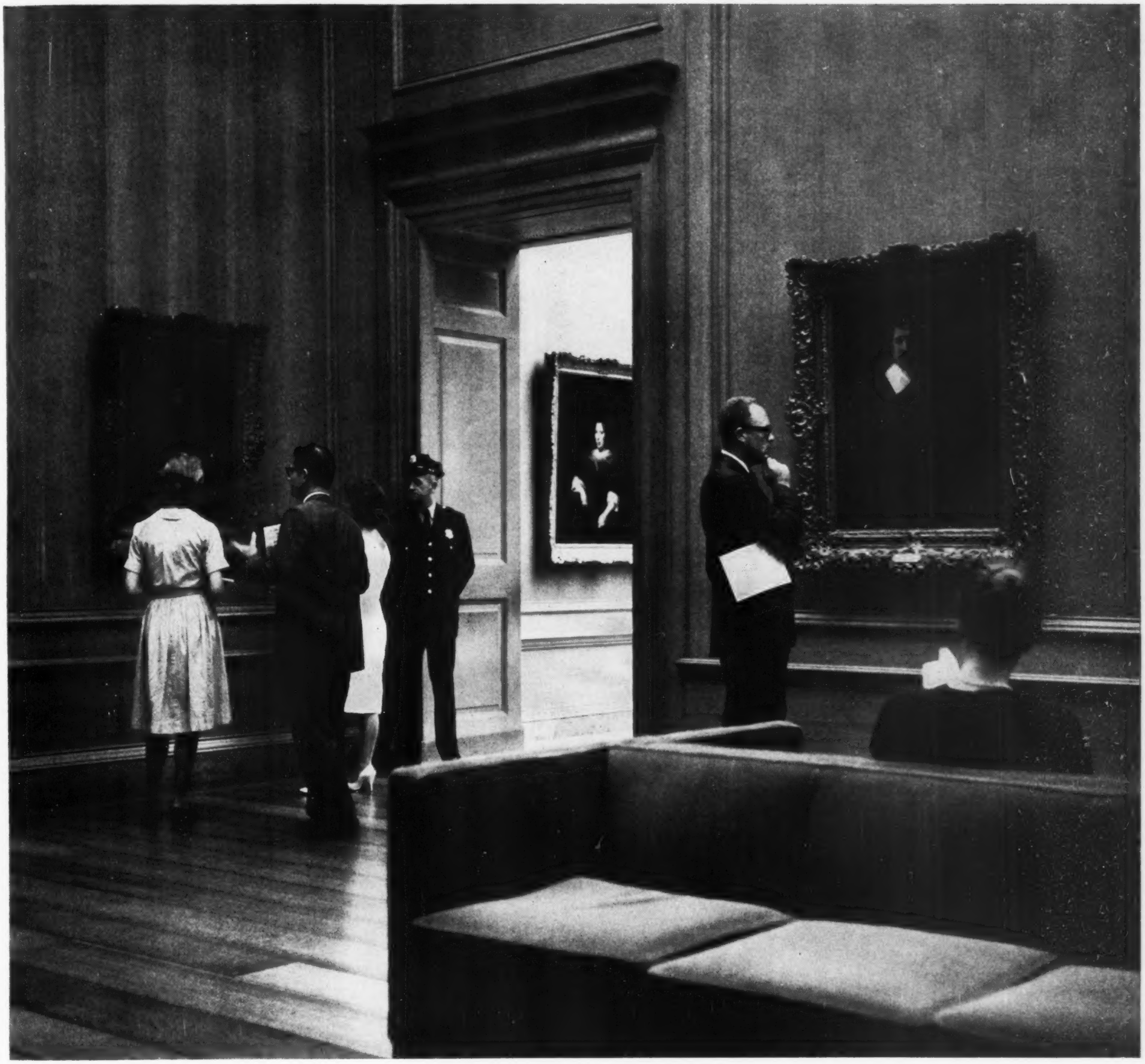
The national committee has tried to have the 15% law repealed but has been unsuccessful. It also has opposed the $5 expense constant which goes to producers in Mississippi, in addition to the regular production allowance. The position of the national committee is that the constant will result in many instances in a higher income on assigned risks than producers get on voluntary business.

Different Handling Asked

The committee also indicated that if the $5 constant were retained, it not be made a part of the plan but be handled as an application fee required by the Mississippi insurance commission, and that insurers not be required to include the amount of the fee in their policies. The commission recently voted not to change the plan.

Mr. Day said the plans are giving the business much concern because of their growth. It is said there are many in the plan who should not be there. Another statement is that risks become frozen in the plans indefinitely. This is true to a certain extent, Mr. Day said. He suggested the insurers might do some research on assigned risks with good effect. Such research should be on a broad basis and inquire into every aspect of the situation including length of time the risk has been assigned.

One thing is certain, he said. The day won't come when the insurers will write every auto risk offered to them. Consequently assigned risks are here to stay.



Chubb & Son Elects LeRoy, Dunn V-Ps

J. M. LeRoy and Joseph J. Dunn have been named vice-presidents of Vigilant.

Mr. LeRoy has been with the organization 39 years. For 23 years he was in the jewelry agency underwriting department. He was assigned to brokerage development in 1951 and is presently head of the brokerage department.

Mr. Dunn joined Chubb & Son in 1925. He is in charge of the registered mail insurance division. He has been active in committee work with Inland Marine Insurance Bureau.

IAHU Plans Site For Annual Meet

International Assn. of Health Underwriters will hold its annual convention June 24-27 at the Fontainebleau Hotel, Miami Beach. Earle R. Bennett, Provident Life & Accident, a past president of the association, is convention chairman, and Robert Boyle, Accredited of St. Petersburg, is co-chairman.

Ellison, Borst N.Y. Federation Leaders

Insurance Federation of New York's annual meeting and luncheon, the year's all inclusive get together for the business in the state, attracted a capacity crowd of 1,200. Individual company, association and producer representatives from all segments of the business fraternized from a late morning reception until late in the afternoon.

Edward W. Ellison, Aetna Casualty, was named chairman to succeed Edward W. McAndrews, Hall & Henshow. B. F. Gates, Hartford Accident is vice-chairman. Clarence A. Borst of White & Camby is the new president, succeeding Ashby E. Bladen, Aetna Fire. Melvin A. Holmes, president Frank B. Hall Co., became first vice-president, and Lester J. Bradshaw of Murray, Vanderpoel & Baker, and William Keller Jr., U. S. F. & G., are vice-presidents. Richard Weghorn, John C. Weghorn agency, is assistant secretary. Charles Flay Jr., America Fore Loyalty, is treasurer, and Donald J. Mullen, Marsh & McLennan, assistant treasurer.

The organization elected William Ehrmanntraut executive secretary, a post unfilled since Valmore H. Forcier resigned earlier this year to join National Assn. of Insurance Agents as its Big I promoter. Mr. Ehrmanntraut, long a participant in the school and other activities of Insurance Society of New York, is retiring as resident vice-president of American Surety in New York.

Regional vice-presidents are Victor T. Ehre, president Buffalo, and three agents: M. O. Lampell, Peekskill, Sidney Mang of Sidney, and Carl A. Young, Syracuse.

Washington Field Men Elect LeStrange President

William R. LeStrange, General Accident, has been elected president of Greater Washington Insurance Field Club.

Other new officers are Robert L. Chaney, New Hampshire group, vice-president; William E. Cassidy, America Fore Loyalty group, secretary, and Fred C. Ives, Aetna Casualty, treasurer.

Propose State Fund Study

A bill filed in New York would appropriate $20,000 to study the State Fund and determine whether private insurers could do what the fund, which wrote more than $56 million in workmen's compensation and compulsory disability premiums in 1960, does and do it more economically. The fund has assets of almost $311 million.

The bill would create a seven man commission, four from the legislature and three appointed by the governor, to report to the 1963 session.

Conventions

Dec. 27-29, American Risk & Insurance Assn., annual, New York City.

1962

Jan. 31-Feb. 4, Federation of Insurance Counsel, midyear, Grand Bahama Hotel, Grand Bahama Island.

Feb. 8-9, Conference of Mutual Casualty Companies, fire and inland marine conference, Conrad Hilton Hotel, Chicago.

Feb. 12-14, Health Insurance Assn., group insurance forum, Drake Hotel, Chicago.

Feb. 14-16, Michigan agents, annual, Sheraton-Cadillac Hotel, Detroit.

Feb. 22, Milwaukee I-Day, Schroeder Hotel, Milwaukee.

Feb. 22-24, Texas mutual agents, midyear, Commodore Perry Hotel, Austin.

March 5, Cleveland I-Day, Manger Hotel, Cleveland.

March 13, Pittsburgh I-Day, Hilton Hotel, Pittsburgh.

March 22-23, Conference of Mutual Casualty Companies, underwriting, Conrad Hilton Hotel, Chicago.

March 27-30, Pacific Insurance & Surety Conference, annual, El Mirador Hotel, Palm Springs, Cal.

April 8-10, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

April 9-10, Ohio mutual agents, annual, Biltmore Hotel, Dayton.

April 11-13, Southern Claims Conference, annual, Sheraton-Charles Hotel, New Orleans.

April 19-20, Missouri mutual agents, annual, Governor Hotel, Jefferson City.

April 20-21, Oklahoma agents, annual, Mayo Hotel, Tulsa.

April 26-27, Underwriting Executives Council, annual, Peabody Hotel, Memphis, Tenn.

April 29-May 1, National Assn. of Insurance agents, midyear, Western Skies Hotel, Albuquerque, N. M.

April 30-May 1, New York mutual agents, annual, Hotel Syracuse, Syracuse.

May 3-4, Conference of Mutual Casualty Companies, claims, Conrad Hilton Hotel, Chicago.

May 3-5, Louisiana agents, annual, Broadwater Beach Hotel, West Beach, Biloxi, Miss.

May 3-5, Tri-State mutual agents of Pennsylvania, Maryland & Delaware, annual, Du Pont Hotel, Wilmington, Delaware.

May 6-8, Alabama agents, annual, Admiral Semmes Hotel, Mobile.

May 6-8, Iowa agents, annual, Hanford Hotel, Mason City.

May 7-9, Health Insurance Assn., annual, Denver Hilton Hotel, Denver.

May 7-11, National Assn. of Independent Adjusters, annual, Fontainebleau Hotel, Miami Beach.

May 8, Assn. of Casualty & Surety Companies, New York City.

May 13-16, New York agents, annual, Concord Hotel, Kiamesha Lake.

May 17-18, Arkansas agents, annual, Arlington Hotel, Hot Springs.

May 17-19, Mutual agents of Virginia & D.C., annual, Thomas Jefferson Inn, Charlottesville, Va.

May 19-25, Maryland agents, annual, sea voyage on Ocean Monarch.

May 21, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.

May 21-23, American Mutual Insurance Alliance, Edgewater Beach Hotel, Chicago.

May 21-25, National Fire Protection Assn., Society of Fire Protection Engineers, and Fire Marshals Assn. of North America, annuals, Sheraton Hotel, Philadelphia.

May 24, National Board of Fire Underwriters, annual, Commodore Hotel, New York.

May 24-26, National Assn. of Surety Bond Producers, annual, Broadmoor Hotel, Colorado Springs.

May 27-3 American Assn. of Managing General Agents, annual, The Greenbrier, White Sulphur Springs, W. Va.

May 30-June 1, Florida agents, annual, Fontainebleau Hotel, Miami Beach.

June 3-6, Insurance Accounting & Statistical Assn., annual, Royal York Hotel, Toronto, Canada.

June 5-8, New Hampshire agents, annual, Mt. View House, Whitefield.

June 14-16, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.

June 17-20, Conference of Mutual Casualty Companies, management, Jackson Lake Lodge, Jackson Hole, Wyoming.

June 18-22, National Assn. of Insurance Commissioners, annual, Queen Elizabeth Hotel, Montreal.

June 20-22, Georgia agents, annual, Corsair Motel, Jekyll Island, Ga.

June 20-24, National Assn. of Public Insurance Adjusters, annual, French Lick-Sheraton Hotel, French Lick, Ind.

June 21-22, Wisconsin mutual agents, annual, Alpine Hotel, Egg Harbor.

June 24-27, Insurance Advertising Conference, annual, The Lido Hotel, Long Beach, Long Island, New York.

June 24-27, International Assn. of Health Underwriters annual, Fontainebleau Hotel, Miami Beach.

June 25-28, Virginia agents, annual, Cavalier Hotel, Virginia Beach.

Appoints Two V-Ps, Raises Four Others

Manhattan-Guarantee has made several executive promotions. Frank P. Kelly Jr. and William W. Dashiell have been named vice-presidents at San Francisco. Robert J. Schoeck and Richard E. Stavely have been elected assistant secretaries at New York. Frank J. O'Brien has been advanced from special agent for the New York suburban territory to agency supervisor in the eastern department. Joseph L. Costa, senior casualty underwriter in the eastern department, has been named to succeed Mr. O'Brien.

Mr. Kelly joined the group in 1951 and filled several underwriting, field and executive posts before being named Pacific department production manager. In addition to vice-president, he has also been appointed assistant manager of the Pacific department.

Mr. Dashiell went with the group a year ago as claims manager. He had been assistant vice-president in charge of claims of Civil Service Employees.

Mr. Schoeck, formerly casualty underwriting manager, joined the group in that capacity in 1957. Before that he had for six years been a multiple-line field man in suburban New York and Long Island for National of Hartford. For 15 years previously he had been a supervising underwriter of Indemnity and Royal Indemnity. compensation and liability with Sun

Mr. Stavely went with Manhattan-Guarantee in 1951 as senior inland marine underwriter. He was named underwriting manager of that department in 1957, special representative for inland marine, multiple-peril and special lines in 1959, and manager of the property lines division in 1960. He had previously been with North British for four years.

Mr. O'Brien has been with the group as a multiple-line field man since 1953.

Florida Home Purchases Buildings

Florida Home has purchased a new home office building at 1801 Coral Way, Miami. The company has also bought Golden Strand Realty, operating the Golden Strand Hotel & Villas, and the Northern States Power building. The latter building will continue to be occupied by Northern States Power until completion of its new home offices sometime in 1965.

Travelers' Agency Legal Changes Made

Travelers has named John R. Coakley and Leslie M. Dow superintendents of agencies in the casualty-fire agency department. In the law division, Robert D. Young has been appointed assistant counsel and John R. Kenney assistant secretary.

Joining the company in 1946 as a field supervisor at Boston, Mr. Coakley was transferred to Toledo that year in the same capacity and was named assistant manager there in 1953. In 1956 he was made manager and in 1957 was brought to the home office as assistant superintendent of agencies.

Mr. Dow started in 1950 as a field supervisor at San Francisco and became assistant manager there in 1954. He was named assistant superintendent of agencies at the home office in 1960.

Mr. Young, with the company since 1951, began in the law department and was advanced to attorney in 1954. He is co-author of the book, "Contracts, Specifications and Law for Engineers." Mr. Kenney joined the law department in 1955 and became attorney in 1957.

25-Year Club Meets

The annual dinner of the Quarter Century Club of Commercial Union-North British employes in the New York City area was attended by 215 members including H. W. Miller, U. S. general attorney; W. L. Nolen, retiring U. S. manager; and A. F. Greer, assistant U. S. manager. Simultaneous dinners of club chapters were held at Atlanta, Philadelphia, Boston, Detroit, Columbus, Chicago, Minneapolis, Kansas City, St. Louis, Los Angeles, and San Francisco.

B. P. Miller was elected president, succeeding H. Shoemaker, F. DeLorme was elected vice-president, Cora D. Kerler secretary, Carroll A. Seelig treasurer, and H. Ostrov a member of the executive committee.

Excelsior Pays Extra

Excelsior has declared an extra dividend of 5 cents a share in addition to the regular quarterly 10 cent payment, both payable Dec. 19 to stock of record Dec. 4.

Pacific Actuaries Name Helphan, View Insurance Picture

Discussions of group, ordinary life, ordinary A&S, and the development of extended health plans for senior citizens were featured at the fall meeting of Actuarial Club of the Pacific States in Pebble Beach, Cal.

The actuaries elected B. J. Helphan, Pacific Mutual Life, president; Stuart Robertson, Milliman & Robertson, vice-president; and Charles Dean, Great Northwest Life, secretary. E. H. Neuschwander, Fireman's Fund, immediate past president of the club, and Forrest Ockels, Johnson & Higgins, were named to the executive committee.

In general, the members reported that few requests have been received from the internal revenue service for changes in the valuation bases of pension funds, on account of comparatively conservative valuation assumptions. No retroactive change was cited.

Discuss Widow's Benefits

In a discussion of widows' benefits, several actuaries pointed out that there is a strong trend toward the inclusion of some form of such benefits in many pension plans. These benefits have been common for many years in England and Europe. In plans which already provide them, the tendency is toward their improvement. One of the more difficult practical problems is the administration of such plans when benefits terminate upon remarriage.

All speakers agreed that when actuaries are consultants for pension or health and welfare programs jointly administered by management and labor, it is not profitable either to the consultants or their clients when both parties hire actuaries. The actuaries are unable to increase their fees enough to cover the time spent in consultation with each other. One actuarial company can design and estimate the costs for several optional benefit plans, and the parties involved can decide on the final plan in their negotiations.

Several club members said they had recently observed that both labor and management seem to desire less conservative cost calculations for self-administered pension plans, in order to publicize benefits in the most favorable light.

There was discussion of the competitive bids obtained for health and welfare plans when the present insurer increases rates. One speaker remarked that when the present insurer's rate is lower than the rate it is requesting, it may be because the broker has specified that bids are to be based on more favorable experience than actual claims indicate.

Group insurance subjects clustered around the writing of large amounts of life and development of dental care coverage. In general, it was observed, large amounts of group life have been written with satisfactory experience. The consensus was that the maximum amount to be experience rated with the balance of a case should not be greatly in excess of the annual life premium. Several speakers commented on the difficulty of selling policyholders the pooling concept, particularly when all contact is indirect, through the broker.

The accumulated need for dental care is sufficient to keep all dentists busy in the U. S. for 40 years, according to dental authorities. At present, the demands for dental coverage come chiefly from unions attempting to get employers to pay more of employes' living costs, and from dentists who believe insurance might prompt people to visit them more frequently.

In the session on ordinary A&S, it was pointed out that, although proration of A&S benefits is generally permitted to prevent duplication of income, the insurer can only prorate with other income benefits discovered at the time a claim is submitted. This can cause problems for guaranteed renewable plans, especially since it may be held that the insurer has prior knowledge of all governmental plans as they develop.

Several actuaries stated that all benefits should be considered in setting limits of issue. Particularly in the case of an employe earning less than $500 a month, there is a risk of overinsurance when an occupational benefit is combined with social security and WC.

Also considered was the development of extended health plans for senior citizens. The joint company administered plan recently developed in Connecticut was analyzed in some detail. Some present doubted that current legislation would allow such a plan to be established in California. Further, several observed that it was perhaps too late for California companies to consider a voluntary plan, since a state plan may be just around the corner.

The club's next meeting will be May 31-June 1, 1962, at the Ahwanee Hotel, Yosemite National Park.

Ohio Farmers Elects Roos To Succeed McKay, Retired

Ohio Farmers has elected Harold S. Roos, Griser agency, Wauseon, O., a director to fill the unexpired term of S. Milton McKay, who has retired for reasons of health after 16 years on the board. Mr. Roos is vice-president and a director of National Bank of Fulton County, Delta, O., a past president of Ohio Farmers Agents Assn., and a past chairman of the association's rural agents committee.

Aetna Fire Extra

Aetna Fire has declared an extra dividend of 40 cents a share, payable Jan. 2 to stock of record Dec. 13.

David C. White Agency Acquires White, Camby

David C. White agency of New York has acquired White & Camby, one of the largest midtown operations in the city. The latter agency will continue to operate as a separate entity, while the David C. White agency will continue downtown.

New officers of the White & Camby portion of the organization are Edward I. White, chairman; David C. White, president; Alex J. Gosz, Frank J. McCormack and Andrew P. McLaughlin, vice-presidents; Gerard M. White, Quentin J. Hagel, Anthony Filipowicz and Anthony Maltese, secretaries. Mr. Maltese is also comptroller.

David C. White also owns and operates Dittmann-White Life Associates, of which Alan G. Cook is manager, and Excess Facilities, managed by Mrs. Rene Weiner. In the business 35 years, David C. White was first with the old Lloyds Ins. Co. of America as special agent and manager at Syracuse. Later he was state agent there of New York Cooperative Fire Underwriters, of Globe & Rutgers and then of Caledonian. He became manager of the latter's New York metropolitan branch in 1944 and held that post until 1957 when the company ceased writing business direct in the U. S. Mr. White then opened his own agency with Caledonian's New York business as the nucleus of his operation.

New Indianapolis Health Insurer Offers Coverages

Underwriters National Assurance of Indianapolis, a new entrant in the health insurance field, is offering an initial line of five policies that combine a number of advanced features. This is in addition to the orthodox line of coverages the company has available as a result of 100% reinsurance of the health business of Early American Life of Evansville.

In the area of disability income, the company has available three policies, identical in every provision except renewability. One is non-can; one is guaranteed renewable; and one is optionally-renewable. The non-can at 65 converts to guaranteed renewable for life as long as employed full time. The guaranteed renewable is also guaranteed, for life, also as long as employed. The optionally-renewable has no automatic termination age.

All three policies use a five-year "own occupation" definition of total disability, and house confinement is never required (except by special endorsement on long-duration coverages on females). Benefit durations of one, two, three, four, five, and 10 years and to 65 are available.

The fourth policy is major medical with no coinsurance except on private-duty nursing. Convalescent home care is covered on a half-basis, mental disorder for 30 days in-hospital and 30 days out, and conversion without evidence of insurability is offered dependents whose coverage terminates by reason of policy provision. Maximums of $5,000, $10,000, and $15,000 are available. A $250 deductible is offered only with the $5,000 policy to families with combined income under $7,500. Other deductibles are $500 and $1,000.

The final policy is a hospital income policy offering up to $800 a month in event of hospitaliztion with no allocation of benefits or requirement to furnish itemized statements. A half-benefit is available for convalescent home care, and automatic conversion for dependents is guaranteed as in the major medical. The policy is non-prorated by reason of other hospital coverage, but the amount issued will be restricted by other coverage owned at the time of issue.

All five policies are issued on an ownership form, making assignment in business insurance cases unnecessary. A variety of waiting periods—up to two years—is available. In executive salary-continuation or buy-out cases, the company will quote elimination periods for even longer durations.

Pacific Employers Has PEG As Official Symbol

Pacific Employers group has adopted the initials PEG as its official symbol. The letters were first introduced several years ago. Since then they have undergone continual change to result in the present pattern within an oval background.

In future, all advertising and printed material used by any of the group's companies will bear the symbol. All the companies' offices throughout the U.S. will be identified in this way.

Mutual Of Omaha Study Reports 120 Insured 100 Years Old Or More

Mutual of Omaha insures 120 people age 100 or older, according to a survey recently completed by the company. Of this number, 15 are aged 105 or more. The oldest policyholder is nearing 110 years.

The study indicated that many of these senior citizens are still active in some way. One of the most active is Henry Gooch, a sheepherder from Platteville, Col. Nearly 109 years old, he purchased his policy over a year ago. Mr. Gooch still works the range nearly every day.

Longevity Factor

A family longevity factor appeared in some cases. One insured, the mother of 17 children, is 105. Her mother was more than 110 years old at the time of her death.

The survey also shows that the company insures more than 1.2 million people age 65 or older. Coverage for this group has continued to increase and is available under 13 different policies designed especially for senior citizens. Retention of coverage has been exceptionally high, the survey reported. Less than ½% of the policyholders in this group have allowed their coverage to lapse. Of this small percentage, many convert to other plans of protection offered by the company.

The report also considered older citizens receiving monthly disability benefits from income protection plans. More than 3,700 insured aged 65 or over are receiving regular monthly payments. Of this number, 1,281 disabled policyholders are over the age of 74.

The oldest policy on record and still in force is held by James H. Davidson, Palo Alto, whose coverage was applied for in 1909.

National Bureau In Professional Liability Rate, Cover Changes

National Bureau has revised rates and broadened coverage on physicians, surgeons and dentists and hospital professional liability, effective Nov. 29.

The rate revisions for physicians and surgeons apply in 21 states and range from decreases of 20% in Virginia to increases of 32.9% in California. In nine states, rates for dentists have been revised, reflecting decreases of 19.4% in Iowa to increases of 31.6% in Florida. Hospital liability rates are increased in five states.

Liberalizations in coverage were worked out by National Bureau after consultation with American Medical Assn. and American Hospital Assn. and are effective in all states, except Connecticut and Louisiana, and in Puerto Rico and District of Columbia.

Under revised terms, a doctor or dentist is covered if sued because of a decision made while he was serving on an accreditation committee of a hospital or medical society.

Exclusions pertaining to injury caused while under the influence of intoxicants or narcotics are deleted. This is intended to clarify areas where there may be some doubt as to their application; for example, where insured had a social drink or had taken a barbituate in order to sleep. The coverage does not apply if the act is outside the practice of insured's profession or is contrary to public policy.

A previous clause, which excluded coverage for liability arising from an implied guarantee of the result of a treatment, also has been deleted. This change was made to protect the doctor against claims stemming from an innocuous comment concerning the anticipated results of an operation or treatment.

A clause which excludes protection for doctors or hospitals for injury arising out of the performance of a criminal act was deleted because insurance was never intended to cover such acts.

New Management For D.C. Mutual Auto Insurer

National Mutual of Washington's management has been assumed by a Baltimore group. The new chairman is Stanley J. Orlove. Allan M. Orlove succeeds Bernard S. Glassman as president. Robert C. Willis, formerly senior vice-president and secretary, remains as secretary. I. Pike Zacks is the new vice-president claims, and Philip E. Ireland is treasurer.

Melvin Kessler has been named superintendent of agents of the company, which writes auto and truck coverage and plans expansion in these lines.

La. Field Group Elects

Louisiana Capital Stock Insurance Assn. at its annual meeting in New Orleans elected William H. Kirchem, Marquette Casualty, president; J. Roy Pfister, Hartford Fire, secretary-treasurer, and Parker A. Wiggins, Marbury general agency, was re-elected vice-president.

Sayre & Toso Holds Four-Day Meet

"Transition 1961" was the theme of a four-day conference held recently for key personnel of Sayre & Toso and its affiliates at Ojai, Cal. Approximately 65 attended. In addition to serving as a forum for the discussion of mutual problems, the meeting provided an opportunity for top management to outline expansion plans for the coming year.

Eyes English-U.S. Insurance Differences

John Adam Jr., president of Worcester Mutual Fire, told a meeting of Worcester (Mass.) Insurance Society, that the agency system in England is not comparable with that in the U.S. There are no examinations or regulations affecting agents, and no contracts between companies and agents.

Mr. Adam was one of three Americans selected by Society of CPCU to represent it at a seminar on insurance marketing held in conjunction with the meeting of Chartered Insurance Institute of Great Britain. The joint seminar was held in London.

Writes Letter

The English company appoints an agent by writing him a letter. This states the rate of commission and points out the limits of the agent's authority. For example, the agent cannot bind the company. He submits risks to the company, and the company binds or rejects the insurance.

The function of the agent in the English system is primarily to use his contacts to procure insurance for the companies. The agent is not expected to be knowledgeable about insurance technical matters as in the U.S. Therefore, most agents in England are part time agents. They may be bank managers, real estate agents, lawyers, architects, accountants, or almost anyone who has the opportunity to control insurance accounts. Many auto dealers are insurance agents.

Because the agent is not an informed insurance man, the companies furnish an inspector who roughly corresponds to the special agent in the U.S. However, the inspector does most of the technical insurance work that U.S. agents perform.

The English broker corresponds to the broker in large metropolitan areas in the U.S. The "own case" agent in England is any large company that has substantial amounts of insurance to place. It opens its own insurance department and places its insurance directly with the companies because it believes its own insurance division can provide all the services an agent or broker can. They receive the same commission an agent gets.

Producers Object

This practice is decried by career agents and brokers, Mr. Adam observed. However, insurers maintain that if an insured is going to support his own insurance division (and therefore does not need the services of a producer), he is entitled to the commission to help pay the expense.

The only British regulation of insurers is for solvency. There are no laws covering rates. The insurer charges what it thinks is necessary for the particular risk. If insured thinks it is too high, he can go to another company. Competition sets the rates and in many cases also the forms since the company broadens or restricts the coverage to meet the circumstances.

Mr. Adam said there are two groups of companies in England, tariff and non-tariff. Tariff companies agree to use certain policy forms and certain minimum rates, though they can at any time charge more than the minimum rates and can at any time restrict the policy form. Non-tariff companies operate under no form or rate restrictions.

Noting the current stir going on in and outside the legislature because of the difficulty some property owners in the Dorchester-Roxbury, Mass., area have getting fire insurance, Mr. Adam pointed out that in England this would be no problem. Since there is no rate regulation, properties in hazardous areas are readily accepted by underwriters at rates higher than properties subject to lower hazards. Among reasons English insurance marketing differs from that in the U.S., he said, is that the English geographical situation is much more concentrated, the population has not been growing nearly as rapidly, the middle income group with which the U.S. producers market most personal lines is a very small proportion of the English insurance market.

Insurance in England is concentrated in relatively few companies. There are several hundred stock and mutual companies operating in that country, but 93% of the total fire and casualty premiums written by all British offices world-wide are written by 22 companies or company groups.

Cherokee Raises Booth

Cherokee has elevated William E. Booth to first vice-president.

He joined the company in 1946 and subsequently became secretary and director of agencies, retaining the latter function when he was named vice-president in 1953. Mr. Booth, one of the first to receive the CPCU designation in Tennessee, is past president of that organization's Middle Tennessee chapter and is a director of Nashville chapter.

Gay's Post Changed

Worcester Mutual Fire has elected Arthur S. Gay Jr. underwriting secretary. Mr. Gay, who joined the company in 1960, has been agency secretary.

Underwriters Adjusting Promotes D. J. Earley

Underwriters Adjusting Co., Chicago, has promoted David J. Earley from senior adjuster at Lincoln, Neb., to manager at Sioux Falls, S. D., to succeed Mark G. Wilson, retired.

Photo Highlights Of NAIC Meeting

The pictures on these pages were taken by Harry H. Fuller, manager of National Bureau at Chicago and the official, unofficial photographer of National Assn. of Insurance Commissioners. All identification is from left.

E. H. Henning, former president and vice-chairman of Central Standard Life; J. Edward Day, Postmaster General and a former Illinois director and Prudential official, and Donald S. MacNaughton, associate general counsel of Prudential.

Sherwood Colburn, the new Michigan commissioner who replaced Frank Blackford, and Donald W. Fritz, chief examiner of the Michigan department.

Rufus D. Hayes, commissioner of Louisiana and vice-president of NAIC, and Sam N. Beery, Colorado commissioner and immediate past president of NAIC.

Charles F. Gold, North Carolina commissioner; Penn J. Jackson, Clerburn, Tex., former Texas commissioner, and his successor, William A. Harrison.

George F. Mahoney, commissioner of Maine, and Spalding Southall of National Assn. of Independent Insurers and former commissioner of Kentucky.

Thomas Thacher, New York commissioner, and W. T. Hockensmith, commissioner of Kentucky.

John A. Lloyd, president Union Central Life and a former Ohio superintendent, and T. Nelson Parker, Virginia commissioner and president of NAIC.

Gordon Scoaf of Phoenix Assn. of Insurance Agents and William P. Hodges, vice-president Western & Southern Life.

Joseph S. Gerber, Illinois director and NAIC executive committee chairman; Robert Diehl, Illinois department attorney, and Leo Nemerovski of Inter-Insurance Exchange of Lake States Automobile Assn., Chicago.

Robert B. Taylor of Inland Marine Insurance Bureau, New York, and a former commissioner of Oregon; Howard S. Omsberg, secretary and manager National Automobile Underwriters Assn., and Joseph G. Bill, assistant general manager and counsel IMIB.

William O. Bailey, secretary Aetna Casualty, and John S. Sheiry, Bridgeton, of New Jersey Assn. of Insurance Agent .

M. L. Stark, midwestern manager Association of Casualty & Surety Companies; Lewis W. O'Brien, deputy commissioner of Maryland; Thomas O. Carlson, National Bureau, Atlanta, and Richard Lino, National Bureau, New York.

C. Lawrence Leggett, former Missouri commissioner and a past president of NAIC, with Mrs. and Mr. Donald Knowlton of New Hampshire, who is commissioner of that state and also a former president of NAIC.

Donald F. Dickey, president Admiral Fire, and Commissioner Joe B. Hunt of Oklahoma.

Mrs. R. L. Jewell, whose husband is with National Bureau at Austin, Tex., and Mrs. Harry H. Fuller, whose husband is manager of National Bureau at Chicago and who has attended 80 out of the past 81 NAIC midwinter and annual meetings.

Mrs. and Mr. W. Harold Bittel. Mr. Bittel is chief actuary of the New Jersey department.

C. F. J. Harrington, executive vice-president National Assn. of Casualty & Surety Agents, with the president of the association, Travis O. Bailey of San Antonio. Mr. Harrington was formerly Massachusetts commissioner and NAIC president.

Joseph F. Murphy, general counsel America Fore Loyalty group; William Leslie Jr., general manager National Bureau; William O. Bailey, secretary Aetna Casualty, and George F. Mahoney, Maine commissioner.

Arch E. Northington, secretary American Preferred Life and former Tennessee commissioner, and Cyril C. Sheehan, former Minnesota commissioner. He is one of the incorporators of a new life company formed in Illinois last month, Alpha Life.

Paul Rogan, former commissioner of Wisconsin, with his successor, Charles L. Manson, and Otis M. Whitney, commissioner of Massachusetts.

Neil Russell of the Inter-Insurance Exchange of Chicago Motor Club; Philip W. McDonald Sr., the new Illinois assistant director, and John A. Henry, general counsel Continental Casualty.

E. J. Samp of Allstar Ins. Corp., Milwaukee; Leo O'Connell, Idaho commissioner, and Orville R. Ware, legislative representative Northwestern Mutual Life.

Hagensick Discusses Substandard Fire Loss Adjusting

(CONTINUED FROM PAGE 9)

cialize in the investigation of arson. They consist of accomplished investigators who work in cooperation with the local authorities and have a history of being successful in their endeavor to apprehend arsonists.

Before employing the services of a private arson investigator, the loss manager must consider the expense involved and weigh this against the projected results. This is a perplexing situation to resolve. The insurance company desires to keep expenses down but they do not want to encourage acts of arson through failure to investigate them properly. There is always the possibility that knowledge of an insurance company's relentless battle against arson will deter future perpetration of arson for profit.

The loss manager is also confronted with the dilemma that if the insured is related to the act of arson, the claim should be resisted, but if the insured is an innocent bystander, the claim should be promptly paid. If there is flagrant evidence of arson at the scene of the loss such as containers of flammable liquids or incendiary devices, or there is evidence of separate fires, or the loss was a result of an unexplained explosion, the loss manager can instruct the adjuster to proceed with the adjustment and to agree with the insured upon an equitable claim. The adjuster does not need a non-waiver agreement as he cannot waive the defense of arson. After the adjuster has submitted his closing report and the proofs of loss are filed, the loss manager can then request a meeting with the insured. At this meeting the loss manager can point out to the insured the evidence of arson that was found and the embarrassing position in which the insurance company is placed. Undoubtedly the insured will deny any connection to the fire and will stress that he lost money and was greatly inconvenienced by the fire. This is the cue for the loss manager to suggest that a polygraph test would absolve the insured so the company could make immediate payment of the claim. It should be emphasized that the approach toward the insured on taking a polygraph test should be carefully worded and done in a tactful manner as there is the implication that he is untruthful. Experience has shown the insured is generally surprised at the suggestion of taking a lie test but readily accepts it as a challenge. It is advisable to terminate the meeting at this point and proceed to a licensed polygraph operator for the test to reduce the chance of the insured reconsidering. This requires advance preparation by the loss manager to make the necessary appointment. If the insured dogmatically refuses to take the polygraph test, then the loss manager has his investigators redouble their efforts to prove or disprove the insured's part in the arson. To reiterate, this method should only be used when there is definite proof of arson and not mere supposition.

Defines Insurable Interest

As applied to fire insurance contracts, an insurable interest can be defined as such an interest in tangible property that by its destruction the interested person will suffer an actual loss of money or legal right or incur a liability. The courts have adjudicated that an insurable interest must exist at the time of the loss or the entire policy is rendered void. The reasoning behind this insurance principle is to prevent the insurance contract from becoming a gambling device and thus minimize any temptation to cause a deliberate loss. Also, the insurance contract is, by its very nature, an indemnity contract, i.e., a contract to reimburse the insured for loss actually suffered.

With some substandard fire losses, the adjuster has to grope his way through a maze of trusts, the beneficiaries thereunder and multiple ownership interests to determine if an insurable interest exists. The difficulty

is compounded because many of the owners wish to remain anonymous even after a fire for various reasons which led them to hide the ownership in a trust initially. In some instances the trusts are not properly recorded or the trusts are transferred to different banks and the insured fails to have the insurance policy properly assigned. There have been individual losses in which several insurance companies participated but each policy was written showing a different insured name. Of course this inconsistency had to be resolved before the claim could be honored.

Another problem arises when a building is sold under a land contract if both the title holder and the contract purchaser independently purchase insurance to protect their own interest. If both parties are named in the policy, there is no confusion. But if not, how do the different insurance companies share the responsibility of a loss. There are several appellate court decisions on this subject but they are saturated with technicalities. Consequently, problems of this nature are generally referred to competent legal counsel.

It is not desired to imply that the substandard fire loss adjuster is confronted with all of these problems in every loss, but they do occur with a greater frequency than in other segments of loss adjustment. Irrespective of the perplexing situations that arise in the adjustment of a loss, it is still the basic function of the adjuster to assist the insured in obtaining an equitable loss settlement guided by the policy provisions.

Hartford Fire Honors Two Young Life Savers

Two Junior Fire Marshals in Hartford, credited by officials with helping to avert loss of lives in a home fire, have received special citations from James C. Hullett, chairman and president of Hartford Fire which sponsors the junior program.

Eric and Jared Irwin, eight and six years old, respectively, were honored for quick thinking which was responsible for the safe evacuation of other family members and guests when fire broke out in the Irwin home at 5 a.m. on Nov. 11.

The brothers closed doors to lessen drafts, awakened their parents and, instead of attempting escape down smoke and fire filled stairways, climbed out a window to a second floor roof. Guests, sleeping in a wing of the three-story home, also were awakened by the youngsters. In all, 10 persons escaped from the dwelling.

Present at citation ceremonies in Mr. Hullett's office were the boys' father and Chief Thomas F. Lee of the Hartford Fire Department.

Ark. CPCUs Elect Manning

LITTLE ROCK—Van Manning Jr., Bird, Lange & Maris general agency, was named president of Arkansas chapter of CPCU at the annual business meeting here. He succeeds Marc Oudin, Pine Bluff.

W. R. Smith, Glens Falls, was elected vice-president, and Don Spharler, Pine Bluff, was renamed secretary-treasurer.

Ask 2.5% WC Increase In Mass.

Massachusetts Workmen's Compensation & Inspection Bureau has filed a revision in WC rates that calls for a 2.5% increase. The insurance department held a hearing on the application in Boston.

Japanese Insurance Men Tour The U.S.

A delegation of 12 Japanese fire and marine insurance executives visited New York City as part of a five week tour of the United States to study American insurance methods and techniques. One stop was the head office of American Foreign Insurance Assn. Leader of the Japanese delegation is Tsunejiro Tejima, director and president of Chiyoda Fire & Marine. International Cooperation Administration is sponsoring the tour, though participants are traveling at their own expense.

James O. Nichols, president of AFIA, discussed his company's world-wide operations with the Japanese. The latter indicated special interest in rate making, multiple line insurance, selling, marketing and public relations, relationships between U. S. and foreign markets, investments, personnel and business administration, methods of settling claims, loss prevention, and port conditions in the U. S.

Mr. Tejima said that when the group returns to Japan, it will evaluate its findings in the U. S. with a view to considering adaptation for use by their companies and organizations. He said the group's findings and recommendations will be distributed to other Japanese insurers and will be made public.

—

Home Indemnity is offering a new package for **morticians** which includes auto liability.

Theme Of AAMGA's Spring Convention Is Announced

"Operation Advancement!" is the theme for the 36th annual convention of American Assn. of Managing General Agents at the Greenbrier Hotel, White Sulphur Springs, W. Va., May 27-30, 1962.

In keeping with the theme, nationally prominent business and insurance executives are being invited to express their ideas for advancement of the business. Another feature of the convention will be several workshop sessions in which groups of general agent members will participate. Their subjects will be pertinent to the progress of general agency operations.

Convention chairman is Harry E. Cragg, executive vice-president and manager Alfred Paull & Son, Wheeling, W. Va.

Plans for the convention were discussed at the organization's semi-annual executive committee meeting at Dallas. As has been customary for a number of years, the executive committee met with the executive committee of National Assn. of Insurance Agents at a breakfast meeting on the second day of the recent NAIA convention at Dallas. At that meeting, subjects of common interest to both general agents and local agents were discussed.

Those attending the general agents semi-annual meeting were John A. Bunting, president, San Francisco; J. H. Crowther, vice-president, Minneapolis; George W. Hardin, vice-president, Jacksonville, Fla.; Britton L. Udell, secretary-treasurer, Phoenix; members of the executive committee, Alvin Shepherd, chairman, New Orleans; Langdon C. Quin Jr., Atlanta; Aymar W. Marshall, Newark, and Reed Penington, Denver. Mr. Shepherd presided.

Bennem Ends Long Career

William H. Bennem, vice-president in charge of the fidelity underwriting department of American Surety, is retiring. Mr. Bennem has been with the company more than 50 years. He will continue in an advisory capacity and will maintain his residence on Long Island, N. Y.

Defines PR's Essence: Doing Good Things And Telling People

The essence of good public relations for an insurance company is to do good things and tell others about them, according to John P. Ritter, manager production department, Geo. F. Brown & Sons, special risk underwriters at Chicago.

Mr. Ritter discussed "The Role of Public Relations in a Progressive Insurance Company" at a recent meeting of Conference of Mutual Casualty Companies in Chicago.

"We in the insurance business need to remember that we are competing for the consumer's dollar just as much as other industries," Mr. Ritter said. "This means that we must rely on proven public relations techniques to reach those who presently know or care little about our products."

He emphasized that a company's public relations effort should go further than getting the company name in newspapers or magazines. Instead, Mr. Ritter said, it is absolutely necessary for each to work toward developing, for his own company, its own unique personality to distinguish it from the pack.

A start toward building a public relations program can be as simple as insisting that telephone calls are handled courteously, mail answered promptly and visitors greeted in a friendly manner, Mr. Ritter said. These things one can do without hiring a professional public relations man or outside counsel.

He asserted, however, that a really effective public relations program must go far beyond simple good manners to include such things as improving liaison with the press, developing effective literature, and building the reputation of the company—and the industry—as one of stability, expertness, service and fairness.

"An active, well-organized public relations program aimed at specific goals can produce results that pay real dividends in increased good will and provide a competitive advantage that will result in a greater volume of business," Mr. Ritter concluded.

4,000 Reports A Day

Under the law, the casualty and surety division of Louisiana Insurance Rating Commission has the duty of furnishing claimants and their attorneys with names of insurers concerned in workmen's compensation and liability matters. Claims departments of insurers also are entitled to receive this information for subrogation purposes.

H. P. Walker points out in the division's Casualty & Surety Review, which he edits, that quite often some one requesting information of this nature is disgruntled when he does not receive an immediate response. Yet approximately 85,000 automobile daily reports for Louisiana policies must be processed and filed each month. With approximately 22 working days a month, an average of almost 4,000 daily reports must be assorted and filed each working day.

Checking Files

Most daily reports are filed according to the name of the insurer and the name of the policyholder. Persons making requests of this kind usually do not know the name of the insurance company concerned. The result is that the division's file clerks have to check the name of the policyholder, a potential defendant, through all or nearly all of the insurance companies' records. Currently there are about 215 companies writing automobile liability in the state.

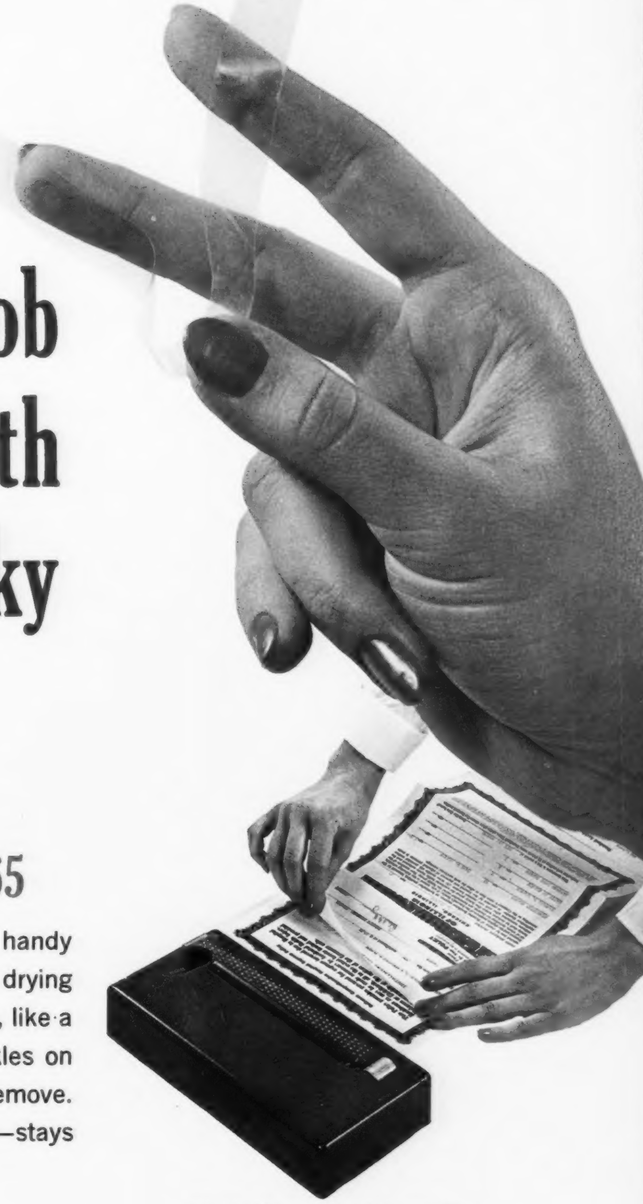
In practically all cases the registered owner of the car is the policyholder. If he is not, the chances are that he does not carry liability insurance himself, and there is a good possibility that the division's files will not reveal evidence of liability insurance. Mr. Walker suggests that the claimant or attorney determine from the motor vehicle bureau or the financial responsibility division whether the potential defendant is the owner of the car.

Pearl Names McDermott To Succeed Hawkins In Ohio

Pearl-Monarch has appointed William G. McDermott manager for northeastern Ohio with headquarters in Cleveland. He succeeds C. B. Hawkins, who has been with the company 26 years in that territory and who retired Dec. 1.

Mr. McDermott has been with the group for six years, in Ohio and in Texas.

Do any mounting job in half the time with the tape that's sticky on both sides!



"SCOTCH" Double-Coated Tape #665

can save time and money in your office dozens of handy ways. Does any mounting job in seconds—requires no drying time. The secret? An adhesive coating on both sides, like a neat clean ribbon of glue. No spills, spots or wrinkles on important papers! So easy to use—there's no liner to remove. Long-lasting—convenient, too! Won't become brittle—stays pliable—and so thin it doesn't bulk up files.

Attach riders and endorsements—easily, mount displays—neatly, splice papers—securely.

Tape is a Tool...Choose the best for the job

"SCOTCH" BRAND

"SCOTCH" IS A REGISTERED TRADEMARK OF THE 3M CO., ST. PAUL 6, MINN.

MINNESOTA MINING AND MANUFACTURING COMPANY
...WHERE RESEARCH IS THE KEY TO TOMORROW

3M COMPANY


"SCOTCH" Brand Magic Mending Tape
is the only tape
that's practically invisible!
Looks white on the roll, but when pressed down on paper it almost disappears. Its no-glare backing lets you read right through it. Won't ghost in copying machines.
that you can write on!
$277.02
WA6-8600
Works with pen, pencil, ballpoint or typewriter. Additions and corrections in ledgers, punch cards, charts, and graphs can be made right over mended tear.
that's long-lasting!
Lasts as long as the paper it mends. Holds tight, stays clear, never gets sticky at edges. Sticks tighter, too! Never affected by heat or humidity. Perfect for mending permanent office records, file copies, torn documents, books.
Tape is a Tool...Choose the best for the job
"SCOTCH" BRAND
"SCOTCH" IS A REGISTERED TRADEMARK OF THE 3M CO., ST. PAUL 6, MINN.
MINNESOTA MINING AND MANUFACTURING COMPANY
...WHERE RESEARCH IS THE KEY TO TOMORROW
3M COMPANY
SCOTCH BRAND
Magic Mending Tape
No. 810
For Permanent Paper Mending
No. 4
THIS CERTIFIES THAT

National Bureau Replies To Criticisms

(CONTINUED FROM PAGE 2)

tions "who or which shall be the primary beneficiary of (such) insurance." New York City Housing Authority will not be a beneficiary of the WC policies involved in the proposed wrap-up plan.

Section 442-b was enacted in 1954 for the specific purpose of preventing labor organizations (whose members would be the beneficiaries of WC insurance) from requiring employers to place WC with the State Fund. The wrap-up rating plan under consideration in this proceeding does not involve such a situation.

A third "statutory" objection is that wrap-up rating for WC would violate Article 4 of the WC law.

'Gratuitous Assertion'

This also is a gratuitous assertion unsupported by proof, the bureau stated. Obviously all employers involved in a wrap-up rating for WC and liability would be insured for WC under policies issued in accord with the requirements of the WC law.

The bureau listed other objections to the North America proposal and answered them.

1. The subcontractor loses the right to select his own insurer.

This is not a condition peculiar to wrap-up ratings. It is not an uncommon practice for general contractors or principals for whom large construction projects are to be built to specify that certain forms and amounts of insurance must be carried by all contractors and written in a company acceptable to them. The party imposing such requirements has a considerable interest in the matter of insurance relating to the work, regardless of who insured is. Ultimately he bears the cost of this insurance whether the bids are let on an ex-insurance basis and he bears it directly or it is included in the over-all bid of each contractor. Just as he has the right to require the use of the product of certain manufacturers in the work, so too is it reasonable for him to impose requirements as to the company which is to write the insurance, the cost of which he pays.

2. The safety program that might be set up by the insurer under wrap-up would not be as effective as that which would be established in the absence of wrap-up rating.

Exactly the opposite would be true, the bureau contends. The insurer's safety engineering work would augment any other program that might be followed. There is absolutely no reason why the good work performed in the interest of greater safety should be reduced or impaired in any manner. In fact, greater coordination between safety groups and the insurance business should result since the latter would be represented by a single insurer concerned in every phase of the work rather than by a number of different insurers each of which has an interest in only certain parts of the job.

An over-all program should be more effective than the aggregate of as many as 35 to 40 safety programs by as many insurers. More efficient claims handling procedures would result in quicker investigation and prompter processing through one facility regardless of which contractor or contractors may have contributed to the cause of the accident.

3. Wrap-up rating makes it difficult for the subcontractor to procure insurance for his completed operations exposure.

Most wrap-up ratings that have been approved to date for use in New York state have not included completed operations coverage. A contractor who wants such coverage must make arrangements to do so independently of the over-all insurance programs developed for the project. The contractor can look for this coverage with the wrap-up insurer or his regular insurer. If the contractor has bought the completed operations cover on a selected rather than blanket basis, it is logical that his regular insurer will carefully consider such selection of risk. This does not mean that the contractor will be unable to secure the coverage. It means simply that insured's selection of the risks to be covered calls for different underwriting considerations than blanket coverage.

No Contractor Benefit

4. Any premium savings resulting from the use of a wrap-up rating program accrue to the benefit of the principal or the general contractor rather than the subcontractor.

This is as it should be. The subcontractor is not expected to include in his bid any allowance for premiums on the insurance made available to him under the wrap-up rating program. The coverage is arranged and paid for by the principal or general contractor. Accordingly, the sub-contractor logically waives all interest in any adjustment in the final premium for the project whether by dividend or retrospective adjustment. Under a retrospective rating plan the insurer may be entitled to an additional premium, which would be paid by the principal or general contractor and not by the subcontractor.

5. The plan places all contractors on the same footing in submitting bids insofar as insurance costs are concerned, regardless of past experience.

The basic purpose of the general liability experience rating plan is not to develop a reduction or an increase in premium as a reward or penalty for past experience. In other words, this plan is not applied in an attempt to recoup past underwriting losses incurred in connection with an individual risk or to return some of the premiums for expired policies under which the incurred experience was better than the average contemplated by the manual rates. Rather, it is a procedure for estimating mathematically the departure from that average that might reasonably be expected in the future based on past performance. A risk better than average in the past is expected to continue to be better than average in the future in the ab-

sence of credible changes in conditions under which insured operates. Similarly, a risk worse than the average in the past is expected to be worse than the average in the future, absent factors which would influence future conditions and which did not exist in the past.

The conditions affecting general liability exposures existing in connection with large construction projects insured under a wrap-up rating plan are quite different from those which influenced the past experience of the individual contractors. In some instances this is true by reason of the nature of the work to be performed on a large project as compared with past jobs of smaller size. The wrap-up affords opportunity to recognize differences of this nature. Centralization of facilities for administering medical aid and handling claims and a single safety engineering program result in conditions substantially different from those existing in connection with the past regular operations of the contractor. So the contractor's past experience is not considered an accurate basis for judging his experience for the project under a wrap-up plan. Consequently, there is no valid objection to placing all contractors on an equal footing in submitting bids insofar as general liability costs are concerned.

Other Incentives

The allegation that eliminating experience under a wrap-up plan from future experience ratings of the individual contractor removes his safety incentive assumes that the only reason for a contractor's concern over such accidents is their effect on his premiums. In addition to a natural desire to avoid accidents, there is the incentive to minimize the frequency and degree of interruptions of work which result from accidents and which are costly to the contractor in ways unrelated to premiums.

6. The general liability experience rating of a subcontractor on regular operations is adversely affected by eliminating from the calculation of such modification the experience developed under the wrap-up plan.

Where the contractor has developed a debit modification for his regular operations, the favorable experience incurred under wrap-up will not be used to tamper the debit. If the losses under wrap-up are greater than the average contemplated by the manual rates, the opposite result will obtain. In either event, this procedure is proper since the conditions under which a contractor performs his operations insured under a wrap-up plan different from the normal for which the experience rating modification will apply in the future.

Continental Companies Chairman Roy Tuchbreiter helps Peg Hinkamp put the finishing touches to a display of more than 8,000 toys company employes contributed. Miss Hinkamp started the first collection in 1943 for children of servicemen; since that time the collection has spread to include branch offices all over the country. The Detroit branch contributed its traditional mitten tree.

Might Cost More

7. The cost of the insurance under wrap-up may be greater than comparable coverage under the contractors regular policies written in mutual companies or the State Fund.

It is impossible to determine in advance exactly what the difference might be between the final premium under wrap-up and the premium charged in the absence of such a plan. Many factors enter into such a comparison. The bureau noted that the percentage allowance for underwriting profit which underlies regular manual rates is not altered under wrap-up.

8. Individual contractors are subject to additional audits and paper work with respect to the operations performed at a project subject to wrap-up rating.

To some extent the individual contrator may be subject to additional audits and paperwork but can include this in his bid. But it is unrealistic to estimate this as 10% or more of the cost of his field labor. However, regardless of this factor, any apparent disadvantage of wrap-up from this standpoint is far outweighed by the advantages.

9. Wrap-up rating plans are monopolistic because they give one insurer and one producer all of the insurance for a particular project. This eliminates healthy competition and the public gets less for its money.

The bureau does not believe that these results stem from wrap-up plans. No one company nor one broker has exclusive rights to such plans. The public gets more for its money.

10. The combination of risks inherent in wrap-up rating tends to squeeze out the small broker and helps to further monopolize the insurance business.

Valuable Services

Brokers and agents perform valuable services to both the insurer company and buyer, the bureau stated. If they did not, they could not justify their existence nor the cost to the public of their services. However, it is not proper for the insurance department to adopt any position making mandatory the use of any particular services in the placement of insurance. It has not done so in the past. The public should not be denied the opportunity of enjoying it if it so elects, any financial saving by reason of economies which may be effected with respect to services of producers. There is no evidence that under a wrap-up rating plan these services are any less efficient or effective than they would be if each contractor placed his own coverage in connection with the project in the same manner as for his other operations.

11. Opposition is expressed to the creation of fictitious groups for insurance purposes.

Fictitious Grouping

The bureau is opposed to artificial and fictitious groups for rating purposes but denies that wrap-up rating in any way creates a fictitious group. It is an established principle for both WC and liability that under certain circumstances two or more entities may be combined for rating purposes. Rules relative to this are contained in experience rating plans. Under a wrap-up rating plan separate legal entities are combined because the combination is reasonable and justifiable in the light of the circumstances governing the operations performed by all contractors engaged on the project. In projects of substantial size the principal has a great deal at stake. To protect his interests he exercises, either directly or through the general contractor, a degree of supervision and control of the work performed which is greater than on smaller construction projects. Accordingly, the combination of risks inherent in wrap-up rating does violate principles underlying the position of the insurance business with respect to fictitious groups.

Reduces Discount

12. Participation in a wrap-up plan reduces the premium discount applicable to a subcontractor.

Coverage on a contractor under a wrap-up rating plan cannot be considered along with his regular coverage in determining any premium discount to be applied to the latter. The effect of the wrap-up on the individual contractor's normal premium discount is not likely to be very substantial.

13. Wrap-up ratings prevent participation of a subcontractor in group compensation plans otherwise available to him.

Some contractors may participate in group WC plans under which their final premium is affected by the overall experience of all contractors in the group. The bureau does not believe that the inclusion under a wrap-up rating plan of coverage for certain operations of a contractor will operate to deny him participation in any available group plan with respect to the

balance of his operations.

14. Under a wrap-up plan the subcontractor loses the credits on WC and liability premiums on earnings in excess of $100 per week.

The fact that certain of the contractor's operations are separately insured under a wrap-up rating plan does not operate to deprive him of any premium savings to which he may be entitled on the basis of payrolls expended on the balance of his operations, the bureau stated.

Final Point Listed

15. Inasmuch as automobile liability insurance is not included under wrap-up rating plans, a subcontractor will generally have two insurers, one for general liability and one for automobile. Disputes may arise as to which of the two companies has responsibility for coverage in case of an accident.

The possibility of disputes of this nature exists whenever different companies cover the general and automobile liability exposures of one insured, whether or not a wrap-up rating plan is involved. No claim has been made as to the frequency with which these disputes arise. When they do, insured is not without protection. The question of which insurer affords coverage on a particular accident can be resolved on the basis of the facts.

Allstate Elects Ellis Senior Vice-President

Allstate has elected Davis W. Ellis senior vice-president. He joined the company in 1942 as educational director. Since 1950 he has been a vice-president. In the interim he held several sales management posts, his most recent being coordinator of the sales support programs in the marketing department.


Davis W. Ellis

Selective Extends WC Dividends

Selective of Cincinnati has extended its workmen's compensation policyholders dividend to Indiana, Kentucky, Michigan and Tennessee, effective Jan. 1. The company has been paying WC dividends in Florida, Georgia and Missouri since 1956.

Urges Mutuals To Utilize Farmowners

(CONTINUED FROM PAGE 4)

storm. Fire insurance could be conducted on a county or state basis because a fire could involve only one farm. Windstorm insurance could be conducted on a state-wide or regional basis with adequate reinsurance of the individual companies. Even a widespread storm would not be likely to destroy totally very many farms within a state, Mr. Rodda observed.

The modern farmer continues to be threatened by fire and windstorm, and his investment is many times greater than that of his predecessors. In addition, the farmer is now threatened with liability and theft claims. He has found it necessary to have liability on his automobile, and he realizes that the farming operation can also result in public liability claims. The automobile has also made theft losses a possibility. Thieves can operate not only in cities, but also in rural areas because of the speed with which the automobile permits them to make a getaway. Theft of farming equipment and livestock is an important cause of loss. Collision and overturn are serious loss considerations to the expensive farm machinery which is necessary for a competitive operation.

The premium for a modern operation runs into many hundreds of dollars. The packaging of protection in farmowners makes it possible for the farmer to secure reasonably complete protection with two policies: Farmowners and automobile. The premium is equal to that which companies get from many smaller mercantile operations which are considered desirable business, Mr. Rodda noted.

Rates Analyzed

The city underwriter could profit by an examination of insurability and desirability of the modern farm, he continued. Effective fire protection is available to a large proportion of today's farms. Many multiple line companies which do not touch farm insurance will jump at the chance to insure suburban stores. In many cases, the values involved in these stores are comparable to those of a modern farm. Fire protection is no better on these retail stores than on many of the farm properties.

An important question from the standpoint of an underwriter considering the writing of farmowners, is that of rate. It can be presumed that the fire and extended coverage rates which have been established by the bureaus for farm property are in line with the loss experience. Even though it has been possible for farm mutuals operating locally to write farm fire at rates considerably less than those charged by the stock companies, it still must be presumed that the fire rates of the bureaus are in line with general experience which has not been subject to the extreme selectivity of the farm mutuals, Mr. Rodda said.

An Important Question

An important question is how much of a reduction there is in these bureau rates for farmowners. The premiums for fire and EC for broad form on the dwelling, the dwelling contents, theft, and liability and medical payments are all calculated at a discount of 25%. The premiums for farm personal property and farm buildings are calculated at discounts of 10%. Depending upon values, the net reduction in cost would be from 15% to 20% below bureau rates for individual policies. While this is not quite as low in proportion to current farm rates as the homeowners premiums are in relation to dwelling rates, the present premium levels for farmowners must be considered as experimental. It can be anticipated that farmowners premiums may eventually be at a comparable level to those of homeowners, Mr. Rodda declared.

Homeowners Comparison

The underwriter immediately can question why he should enter a new field of package insurance when he is already having trouble with the current premium levels on homeowners. An examination of the intent in connection with premium levels on package policies is pertinent. There have been many complaints on the part of company men and agents regarding the so-called inadequate premium levels for homeowners. These complaints generally ignore the expressed intent of these rate levels, Mr. Rodda believes.

The formula which was filed by most of the rating bureaus under the recommendations of Inter-Regional Insurance Conference provided for a loss ratio of 54%. This left 6% for loss adjustment expenses, 6%, for profit and contingencies, and 34% for other expense including acquisition costs. The

difficulties which companies are experiencing in connection with homeowners seem to stem partly from an effort to use more than 34% of the premium dollar for expenses and acquisition costs. An adjustment in company operations to the 54% loss ratio would appear to be necessary if they are to avoid a loss from homeowners, Mr. Rodda said.

Companies embarking on farmowners are not tied to previously set expenses, he continued. Should a company decide to expand its operations into the farm field, it would be offering a new facility to its producers. It might be possible to offer this new facility under conditions which are more in line with the projected loss ratios for the package policies.

The general-writing mutual company will find increasing pressure to write farmowners. The investment necessary to operate a farm in competition with other farms brings about an increased participation in farm ownership by city and town dwellers. The farfer, who does not have the necessary capital, may and frequently does go to the city dweller who has capital to invest. They may work out a cooperative arrangement, or perhsps the city investor buys a sufficiently large acreage to operate efficiently, and the farmer loes the work on a rental or profit-sharing basis.

If a general-writing mutual is already carrying the insurance for the city investor, it will be natural to write the farm business. But dabbling in a class is always dangerous. If a company is going to be persuaded to write some farm business as collateral to its city business, it may well consider the advisability of establishing a farm department to write farmowners.

Tool Available

For the first time in history the general writing mutuals have available a method of providing coverage on the preferred farm. The stock companies have recognized the modern farm as desirable business and have devised a strong competitive weapon to take over an increased proportion of this business. Mutual companies, not previously in the farm field, may well consider whether they have an opportunity to provide a service to the agricultural economy which in the past has been provided by an entirely different type of mutual.

A report on assessment mutual property insurance in 1960 issued by American Mutual Insurance Alliance indicates a decline in this type of insurance, Mr. Rodda recalled. In 1935 there were 1,076 companies writing assessment insurance. By 1960 the number of companies had declined to 1,574. Premiums and assessments reached their high point in 1959 at $75 million. They started to recede in 1960, in spite of an increase in premium writings by companies generally, and in the face of an expanding economy. Unless farm insurance is to be abandoned to the stock companies, there appears to be only two possibilities. One would be for the present farm mutuals to convert to multiple line operations in large numbers. Financial problems and the insurance laws governing the operations of farm mutuals make this unlikely. The other possibility is for multiple line mutuals to enter the farm field. This appears to be feasible and desirable to Mr. Rodda.

Crum & Forster Buys Gould & Gould Agency

Crum & Forster has purchased Gould & Gould, Seattle managing general agency. The agency will conduct the affairs of the insurer in Washington, Oregon, Montana, Idaho and Alaska as an autonomous branch of the Pacific regional department.

The facilities of Crum & Forster will be made available immediately to agents served by Gould & Gould in the five states.

Birkel Succeeds Miller In N. Y. Hartford Fire Post

Harold Birkel has been promoted to resident comptroller of Hartford Fire group's New York department, succeeding Walter E. Miller, retired.

Mr. Birkel joined the group in 1922 and was assistant manager and then manager of the accounting department before he was named assistant comptroller earlier this year.

Mr. Miller had been with the group nearly 45 years. Before being appointed resident comptroller in 1950, he was manager of the accounting department.

American F.&C. Issues Account Selling Device

American Fire & Casualty has developed for the typical family a "do-it-yourself" Plan-O-Rama, which simplifies the listing and evaluation of all personal property and clarifies the types of insurance available for protection of possessions and liabilities.

The prospect completes the simplified form and is able to see what he owns, how much it is worth and the amount of insurance that may be in order. He then returns it to his agent, who is prepared to discuss the situation with him, make recommendations and give necessary counsel.

The device is the company's weapon for personal account selling and was designed to boost its agents' sales and to increase their average account premium. The Plan-O-Rama is being promoted by direct mail folders and letters, newspaper ads of several sizes, TV slides, radio commercials, posters, sticker for correspondence and signs for taxis. All this material is personalized for the agents' use.

D.C. Unit Can Specify The Cover In Purchase Contract

The U.S. appeals court at Washington has upheld the power of the District of Columbia board of commissioners to regulate insurance provisions of installment auto purchase contracts. Franklin Investment Co. had contended that the commissioners exceeded the authority granted by a 1960 act of Congress. The latter empowered the commissioners to limit the kinds of insurance the car dealer might require of buyers.

The regulations prescribed what insurance may be included in the purchase contract. The Franklin firm claimed this difference in wording was crucial. Judge Burger ruled that keeping excessive insurance out of purchase contracts is merely a means of preventing "the car dealer's objectionable means of requiring, if not coercing, the purchase of particular insurance."

North America Sing-A-Long

North America will sponsor its Christmas Eve "Sing with Bing" radio show for the seventh consecutive year over facilities of CBS and Canadian Broadcasting Co.

The program gives the company's producers the opportunity to express appreciation to their clients through promotional aids and advertising in local papers and on local stations. Each agent will receive a list of suggestions on effective tie-ins with the program.

Eyre Back To American

John T. Eyre has rejoined American as production supervisor at Philadelphia.

Mr. Eyre has been in insurance since 1943, when he started with Franklin Fire in Philadelphia. He joined American there in 1949 and was a fire underwriter until 1952 when he was appointed special agent. He went with London & Lancashire in 1958 as a field representative, his most recent position.

Agent Scores NAIA Stand On Bureau Franchise Plan

National Assn. of Insurance Agents has placed members in an "untenable" position by its opposition to National Bureau's franchise rating plan, Elwin T. Gammons of Providence, past president of the Rhode Island association, told the advisory board of the New England agents' associations at a meeting in Boston. He recommended that representatives of agents' groups and National Bureau get together with supervisory officials to stop direct writers from the use of such plans.

New Hampshire, after approving the National Bureau plan, withdrew approval.

The advisory group elected T. Winston Keating of Claremont, past president of the New Hampshire association, chairman to succeed E. H. Welchman of Woodstock, Vt.

Junior Marshals In Xmas Program Of Hartford Fire

Hartford Fire agents are distributing "Golden Rules for a Happy Yule" tags to four million members of the group's Junior Fire Marshal program. The junior marshals will visit stores, markets and tree nurseries before Christmas to attach the colorful tags to trees on sale. The tags cite rules to keep Christmas trees safer from fire.

Hartford agents, in cooperation with city fire departments and elementary schools officials, will also distribute the winter issue of the Junior Fire Marshal magazine for classroom fire safety studies.

Vs Change In Exam Costs

The Maryland department has expressed vigorous opposition to one proposal by the commission that is preparing a revision of the state insurance code. The proposal would have permitted insurers to deduct from their premium taxes the costs of company examinations. The department argued that it is customary to charge such costs, which run about $65,000 a year, against the companies being examined.

F.&D. Advances Nichols

Fidelity & Deposit has appointed Hamilton J. Nichols Jr., attorney in charge of its Houston claims office. He succeeds Charles B. Barker, retired. Mr. Nichols has been in the company's Houston claims unit since 1959.

Stamford (Conn.) board has elected J. Kenneth Shepard president, John H. Yankee vice-president, Alton F. Cable secretary, and Michael J. Beluk treasurer.

any's
press
rough
g in
Each
tions
ram.

an

rican
adel-

since
nklin
mer-
fire
was
with
field
tion.

d
n

ents
ble"
onal
win
esi-
ion,
New
eet-
that
and
su-
ters

the
ap-

ns-
esi-
ia-
ch-

ut-
le"
he
m.
es,
re
gs
es
m

th
ry
te
re
re

x-
o-
e-
n-
ve
m
n-
at
e
0
g

d
n
e
l,
s

d
n
r.
x

D

sp
w
ot
w
sa
Th
su
ve
ar
tr
so
re
re
gr
tio

Ti

fir
ar
in
or
ev
fie
bu
m
ve
th
pa
pl
fra
ma
is
sh
fo
ad
th

ad
su
it
su
nu
in
rel
po
tha
ve
og

Pu

a
fla
pra
cid
sho
Re
one
im
foo
(ar
ing
I
ide
on

Measurement Of Ad Results Is Complex

(CONTINUED FROM PAGE 6)

specific markets and at quality risks within those markets. Makers of other products are only concerned with acceptance of their wares, and a sale results in a predetermined profit. The latter is always uncertain in insurance, so insurers have the dual advertising problem of gaining acceptance for their product and of attracting acceptable buyers. This is something for insurer managements to remember when they begin to look for results from their accelerated ad programs some months after their inception.

Time To Investigate

Perhaps insurer managements would find it profitable to invest substantial amounts of time in making thorough inquiries about their ad programs not only before the ad budget is spent but even before it is determined. It is difficult to understand how a realistic budget can be set up, unless management has certain goals in mind. The very raising of the question "What is the purpose of our advertising?" will pay dividends because it will force exploration of the subject within the framework of the company's entire marketing program (and where there is none, or an inadequate one, will sharply point up the lack) and will forestall needless wrangling after the ads have appeared and the question of their effectiveness is raised.

This preliminary determination of ad goals will be a tall order for insurer managements to fill. After all, it is not too many years since the insurance ad budget was a "necessary nuisance" in the view of many, and in some cases a catchall for remotely related expenditures. But now the importance of marketing has been more than accepted, and with it, the advertising function has gained new recognition.

Puffed Up Phrase

"Determining advertising goals" is a puffed up phrase but it can be deflated and brought down to earth for practical purposes. All it means is deciding what part the ads can and should play in producing premiums. Recognizing that they can only play one part and are not the whole show, immediately puts the ad program in focus and emphasizes its dependence (and vice versa) on all other marketing activities.

For example, management must identify its prospects and must decide on the merchandise it wishes to sell, where to purvey it at a profit or in the realistic expectation of one, the prices, and the "differences" in product it wishes to exploit. After these basics are weighed, another consideration—second to none in importance—arises. This is the question of planned programs for sales forces. This must start by inducing the sales forces, who are independent in the case of traditional companies, to participate in the marketing program from its inception, which is marked by the appearance of the ads.

The ads are the trumpet blast which sounds the marketing charge. If the sales forces do not move forward with determination before the echo dies away, the insurer will be like Little Boy Blue—merely blowing its own horn.

Insurer managements' discussions with advertising agencies on projected programs should therefore not merely be concerned with the specifics of advertising—art work, copy, media and similar considerations. These discussions should be full scale planning sessions—not on advertising but on the company's entire marketing program. Where there is none, the lack must be supplied before one sensible word can be uttered on the subject of advertising.

Production Goals

This means that management must set its production goals, by volume, by line, by territory and by identifying the members of the sales force who are to execute the planning. It means that the ad agency must be fully

briefed to start with, and kept up to date as time goes by, for another factor in ad programs as part of over-all marketing is the reaction and response of competitors to any company's advertising. Sometimes such response dictates variation in a predetermined campaign.

Agents And Others

But before anticipating the latter developments, there will be plenty to accomplish in the preliminary planning stage. If the steps outlined are not successfully taken, the advertising starts out with two strikes against it.

It is obvious that independent agents play a vital role in any ad program—not merely from the post facto standpoint of the sales they may make as the partial result of it, but from the very start when it must be determined whether they intend to participate enthusiastically in the promotional effort which the ads herald. Agents, therefore, must have a part in the planning of campaigns; a sales job must be done on them before the public is ever approached. This should be a major activity in the increasingly popular agent-company conferences.

Resident vice-presidents and company field men—who are the nearest thing to local sales directors the traditional companies have, should also be fully informed and consulted before ad programs are undertaken.

Underwriters, claims officials, actuaries and the electronic data vice-president should also be represented at planning sessions—if not in person —then through consideration of their viewpoints which are all indispensable in any well conceived ad program based on the company's total marketing philosophy.

Identifying Goal

That of course starts with the president. His main concern, therefore, with respect to ad expenditures should not be with the tangible results after thousands of dollars are spent (though this is important) but with the allocation of the dollars to do one job in the over-all goal he has laid down for his company.

That one job is to reach and initially persuade people, who will buy the products the company wishes to sell and, conversely, to whom the company is willing to sell (a consideration unique to those in the underwriting business.)

That is the only job advertising can be expected or called upon to do. A company's sales will partially reflect this function, but they will also reflect the enthusiasm, knowledge and skill of the salesman who follows up, the acceptability of the price and other factors, including what the competition is doing.

If the president discharges his main function in developing a total marketing philosophy, with the aid of his top men, and of enlisting full scale support of it, he will eventually approach in the proper frame of mind the vital question of measuring advertising effectiveness.

Part of Whole

He will not be looking for a certain amount of dollars rung up on the cash register for each dollar laid out in advertising. He will have a full appreciation of the fact that his situation is rather unique. His product—insurance—is an intangible, and advertising is an intangible art, at least in its results.

Trying to break its effectiveness out of the whole marketing procedure is something like trying to decide which tiny drop of water finally drove the legendary Chinaman crazy when it pelted on his skull. Trying to determine such questions is calculated to drive any investigator off his rocker.

The Last Word

One negative conclusion, at least, is inescapable. All other aspects of marketing would be worthless if nobody knew about them. Advertising is what makes them known. The last word on the subject was probably said by P. T. Barnum, some of whose antics are probably not admirable to insurer presidents, but a fellow who knew how to get his name and that of his enterprise fairly well known. He said: "Advertise or the bankruptcy sheriff will do it for you." That advice is more valuable than research in depth, and a lot cheaper. Barnum probably meant to imply also that when you advertise you are committing yourself to put on a good show. The fact that he always did probably made it unnecessary for him to stress this point. Other business men including insurer management, however, might keep it in mind.

Griffith Foundation Plans Seminar, Conference In 1962

A three-day seminar for insurance middle management will be sponsored at Ohio State University next September by Griffith Foundation for Insurance Education. Action to sponsor the conference was taken at the recent meeting at Columbus of foundation trustees. Dr. J. D. Hammond, assistant professor of economics and associate executive secretary of the foundation, will be seminar director.

Many Oppose N.A. Wrap-Up Proposal

(CONTINUED FROM PAGE 2)

represented by Richard Elliott, manager of the general liability department.

Edwin D. Kyle, attorney for the WC board, was asked by the department for the reasons the board declined to file the wrap-up plan. He offered the minutes of the rating committee meeting at which the decision not to file was reached. Beyond that, he told the hearing, it is not legal to inquire into the mental processes of those who made the decision.

Joseph Oster of the department also asked him what the board would have done had there been a single site. That, Mr. Kyle said, is grossly out of order—for the board to speculate on what it might have done had the circumstances been different. Asked also if the plan was not the same as was used by the Port Authority when it constructed a new tube for Lincoln Tunnel, Mr. Kyle replied that on that one the board followed the instructions of the insurance department.

Question North America

Roy H. Bent of North America, who supervised preparation of the proposed wrap-up for the housing authority, was questioned at length by Mr. Oster, Newell Alford, deputy superintendent, and other members of the department staff. Most of the questions related to previous testimony of Mr. Bent (Nov. 10 issue of THE NATIONAL UNDERWRITER).

Doesn't the filing violate the freedom of contract law (which prohibits a commission reduction by way of a rate filing)? Mr. Bent replied that counsel of North America has given him the opinion that the law does not preclude negotiation of the commission. The latter is indicated as being 3% in the proposed filing.

Where are the projected savings coming from? From acquisition cost, safety, auditing, claims handling, and other sources, he replied. Inspection and safety facilities will be superior because they are more coordinated and efficient with one rather than many insurers, and with the authority overseeing the job. North America will make its own inspections but with one insurer these can be fewer and better.

Authority Experience

He said he did not have the accident frequency and severity on other housing authority jobs. Asked why he had used a different approach on liability than on WC, he said composite rating of liability is common, but not of WC.

Why not use the experience of individual contractors? To do so is difficult and expensive because of the number of contractors. The department brought out that North America had used such experience in its wrap-up program on the taconite project in Minnesota.

Will North American provide contractual liability for contractors? Yes. Completed operations? Yes, if required and the contractor can't get it elsewhere. For how long? For as long as the contractor wants it to run—say one or two years after the job is completed. If a contractor doesn't require hold harmless agreements from subcontractors, the latter don't need contractual liability coverage? Right.

Question Posed

Is the housing authority construction program a risk within the definition of risk in the rating law? Yes, it has a common source of funds, and it is a single program of construction.

Will the program be used for similar situations other than the housing authority? It was designed only for the latter.

Questioned on how North America would save money for the housing authority in connection with insurance costs, compared with costs when the contractor purchased his own coverage, Mr. Bent indicated that the contractor figures all his costs, including insurance, and adds a profit factor to arrive at the bid he makes. Representatives of contractors in the room indicated that this is not the case, that the contracting business is extremely competitive, and

Hewett, Kiebler Advanced By Mich. Millers Mutual

Michigan Millers Mutual has promoted Richard E. Hewett, agency supervisor, to vice-president, and Newell E. Kiebler, manager of the mill and elevator department, to assistant vice-president. Both had been assistant secretaries.

Mr. Hewett joined the company in 1932 and has filled various underwriting posts as well as being state agent in Pennsylvania and Maryland, and assistant agency supervisor. Mr. Kiebler went with the company in 1936 and since then has been in underwriting and claims work.

—

A bill has been introduced in New York that would require the insurance department to pay for expenses of examination of **employe welfare funds.** Presently the costs of such examinations are paid by the funds themselves, as in the case of insurance companies.

the practice is for the contractor to use any insurance credits to shave the bid and get the job.

The electrical contractors indicated they thought the wrap-up plan would work against safety, require excessive auditing, and make it hard for the contractor to buy completed operations cover. James A. Holton, a Jamaica agent stated that the plan makes a producer out of the housing authority. The brick masons don't want to lose their "savings" on insurance.

Deprived Of Benefit

The mutual agents pointed out that a subcontractor who had worked to earn a favorable insurance experience would be deprived of the benefit of this effort. They questioned whether there would be any saving in the auditing of payrolls. Because of the number of subcontractors and the complexity of the rating formula, no state unit or rating bureau could properly verify the insurer's charges. The plan is unfair because agents would not be able to compete for the business of the contractors and subcontractors.

The brokers contend the plan is illegal because it restrains trade.

Eyes Rise In U.S. Excess Market

(CONTINUED FROM PAGE 8)

substantially. Fumes damaged nearby homes by peeling the paint off. The total claim was $2.5 million.

3. An insured poultry feed producer sold his wares, containing a deleterious substance, which caused death and injury to customers' chickens. One customer was forced out of business. The claim cost about $150,000.

Catastrophes Losses

The examples given were occurrence PDL losses, Mr. Sheehan noted. He also cited examples of recent catastrophe losses.

1. A prominent oil company suffered a fire which claimed the lives of two employes and injured eight others. There was a fallout of hot petroleum and smoke, resulting in 12,000 individual PDL claims for an estimated $5 million.

2. A large household-products manufacturer contracted for the installation of a sprinkler system in a new plant. The contractor subcontracted a waterline job to a plumbing firm. During the excavating and backfilling for the waterline, a previously laid gas main was disturbed. Some 30 days later, the main broke, causing an explosion and fire that destroyed the new plant. The utility company, which installed the gas main, was absolved, but the contractor and plumber were held jointly negligent to the tune of $359,687.

3. An employe of a department store was instructed to gather and burn rubbish in a portion of a large warehouse leased to the store. He inadvertently entered a co-tenant's portion of the warehouse and began to carry out his orders in a waste bin which was on the floor of a paint spray booth. The bin, being filled with paints, flashed a fire throughout the warehouse with more than $1 million in damage.

Wheel Exploded

4. The purchaser of a bench saw lost the sight of one eye when an abrasive wheel exploded. The manufacturer sustained a loss of $312,000.

5. An explosion involving a single truck killed 12 persons, injured 100 and caused an estimated $9.3 million in property damage.

Looking to the future, Mr. Sheehan noted that professional reinsurers have been instrumental in developing a U.S. excess and surplus lines market for casualty coverages. They have contributed largely to the umbrella, excess limits, workmen's compensation excess limits over a self insured program, and many professional and malpractice excess covers.

Fertile Opportunity

However, the property field offers fertile opportunity for all risk type contracts and difference in conditions (the parasol), Mr. Sheehan noted. Individual loss potentials in manufacturing industries are constantly increasing, due either to larger properties or to greater concentration of values within a property. In addition, the impact of business interruption coverage lkosses from larger properties calls for capacity of astronomical proportions.

When these factors are compounded by new industrial processes and products, the catastrophe potential is staggering, Mr. Sheehan said. When tornadoes, hurricanes and uncontrollable eruptions of nature are injected into the picture, the problem of capacity becomes self-evident, he observed.

With tremendous property catastrophes in mind, the future of U.S. casualty and property catastrophe coverages will largley depend on the professional reinsurers provision of "the single market" of Lloyd's as well as the capacity to absorb major incidents. With the cooperation and capacity furnished by these reinsurers on the comprehensive catastrophe liability form, there is every reason to believe that the challenge will be met, Mr. Sheehan concluded.

Royal-Globe Moves Coleman

John F. Coleman, claim manager of Royal-Globe at Chattanooga, has been transferred to Birmingham in the same capacity. He succeeds J. L. Cole, who has entered private law practice.

Mr. Coleman joined the group in 1954 as a claim adjuster at Birmingham and has been at Chattanooga since 1957.

Urges Sale Of Fire Safety Protection

New York chapter of Society of Fire Protection Engineers at its December luncheon meeting heard Donald M. O'Brien of the engineering department of New York Fire Insurance Rating Organization speak on the need to sell fire protection to professionals and to the general public.

Professional Ins. of New York has completed the private placement of 40,000 shares of additional common stock at $20 per share.

Faulty Assumptions Befog Scene And Hamper Progress, Muth Says

Three false assumptions are producing confusion in the business today and fogging up communications, Raymond A. Muth of Newark, president of New York State Assn. of Insurance Agents, said in a talk before Rochester Field Club. These assumptions are that insurance is merchandise, that publ'c demand has produced innovations in the business, and that price is the controlling factor in selling insurance.


Raymond A. Muth

Mr. Muth emphasized the importance of the special agent to the agency system, particularly in the area of communication, at a time when there is more confusion than enlightenment and more argument than agreement. The field man carries the responsibility for conveying the spirit and the thinking of the company to the agent and prompting him to execute plans necessary to success. In turn, he conveys the thinking of his agents to the company so its management is aware of production problems and needs. Doing this job with a thorough knowledge and a proper degree of enthusiasm will produce a winning agent-company team.

Hot And Cold

"The companies and their agents have a common goal in this business," he said, "yet it often seems we are running plays called by two different quarterbacks. Every major issue has two sides, the company's side and the agent's side. If the companies are for it, the agents are against it, and vice versa." Agents who used to criticize companies for being too conservative and unprogressive criticize them for doing too many things too fast. The sleeping giant now is a frustrated one.

The business, Mr. Muth believes, has been sold on a new concept of insurance by those in Washington who have been investigating insurance. The business has failed to sell them on basic fundamentals of insurance. The furor from Washington has been added to the competition of the direct writer to produce today's competitive stew.

In this atmosphere, it is easy for Mr. Muth to understand why agents are opposed to "no prior approval." They see in it a commission squeeze that would put them out of business. For the same reason agents want the protection of the freedom of contract law, "which simply takes the question of commission out of the rate filing and places it where it belongs, between the company and the agent."

The business climate is changing today toward discounts and more discounts, he said. Whether this is for the better of the public is questionable. All out competition is a great leveler, he said. It has a tendency to make all things equal—"cheap and common."

Change Is Inevitable

Yet change is inevitable. "We cannot stop it, and it would be unwise to do so, even if we could. But we can control it and with proper fortitude and faith in what we believe in, we can design it to fit the quality of the product we have to sell."

Insurance never was merchandise,

Hillas Retires From America Fore Loyalty

James R. Hillas, manager of the New York bond department of America Fore Loyalty, has retired after more than 42 years with the group. He joined Fidelity & Casualty in 1919 and has held his present post for 22 years. He is past president of Surety Managers Assn. of New York City.

Mr. Hillas' father, the late Robert J. Hillas, was president for many years of F. &C.

Joins Security Counselors

Myron J. McKee Jr., former president and treasurer of State Automobile Insurance Assn. and treasurer of Statesman Ins. Co., has joined Security Counselors of Chicago.

Mr. McKee will work mainly with insurance accounts, according to George R. Schneider, president.

Ore. CPCUs Name Brenton

Oregon chapter of CPCU at its annual meeting in Portland elected Will Brenton, Cecchini agency, president; Mark Farris, Oregon agency, vice-president, and William H. Lilly, Dooly & Co., secretary-treasurer.

John E. Patterson, special agent of Commercial Union-North British, has joined the Pitchford agency in Islington, Mass.

it is not now, and it never will be, Mr. Muth declared.

Public Lacks Knowledge

Also, members of the public don't know enough about insurance to demand this or that type of distribution, or this or that type of contract. If they did, they wouldn't take the time or trouble. If certain ideas and methods are presented to them, they may be induced to buy. But no one should fool himself into thinking they demanded them or that they can't be induced to endorse something entirely different if given the opportunity and the incentive.

Third, the controlling factor in insurance selling today is the same as it always was, salesmanship, not price. That holds true for the field man who attempts to secure a representative for his company and for the agent who is attempting to sell a policy to a prospect. The fundamental factor in insurance selling is still getting there first and convincing the prospect that he needs what the agent has to offer.

Yet, he said, in the mad rush to be competitive, the business is forgetting everything else. Anyone can sell price, but it takes an intelligent well-informed man to sell quality. Mass produced policies with built-in distribution and billing systems shove into the background the most important selling advantage, the personal attention and service of the independent agent, he said. But competitive policies can be sold within the framework of the present agency operation just as well and just as efficiently as any other system, and he said he is willing to prove it.

"We can't let leadership pass to the competition while we spend our time arguing among ourselves," he declared. "We must sit down as an industry, agents and companies, to plan a coordinated approach to our problems. We talk of cooperation and then do just the opposite. We lack cooperation between agents, we lack cooperation between companies, and we lack cooperation between companies and agents."

Potential For Growth

He said he is an optimist because the agency system has a great potential for growth. But it must be strengthened if it is to produce for the industry greater results than any method yet devised. It can't be strengthened by putting it on reduced rations and threatening it with eventual starvation.

He urged adherence to the principle that commission is a matter for individual company negotiation. Economy policies should be designed for distribution and servicing by the agent. Companies should assist in getting additional personnel into agencies. Marginal agents should be encouraged to merge with established agencies or take on additional personnel.

He advised field men to become experts in at least one difficult contract and urged them to encourage agents to study and learn more about their business. Field men can help also by studying office systems with particular attention to eliminating red tape that hampers all agents. He also asked them to encourage agents to join their association and encourage companies to use the Big I in their advertising. They should encourage agents to sell quality, but most important, to sell.

Agents' Potential Great

"There isn't an agent in your territory that couldn't sell more and better than he is selling now," he said. "There isn't an agent in your territory that couldn't spend more time away from his office than he spends now."

The problems of the business can best be solved by better communications, he said, and here the field man is in a key position.

Glen Falls Promotes

Glens Falls has made two promotions in its newly formed western department at Kansas City. Ulisse A. Canale Jr. has been named manager of the multi-peril division and Willard M. Brown Jr. manager of the casualty underwriting department.

At the home office, T. Richard Cook has been appointed manager of the new special risk unit.

Mr. Canale, with the company since 1951, has been divisional underwriter in the home office multi-peril division. Mr. Brown, with the company 16 years, has been manager at Louisville. Mr. Cook joined the company in 1954 and has been agency superintendent in the western New York department.

N.C. Rejects Extended Pay Endorsement On Fire Forms

Commissioner Gold of North Carolina has rejected Royal-Globe's proposed extended premium payment endorsement for fire and allied lines where the premium is $100 or more. Mr. Gold said the endorsement would be tantamount to attaching a time payment plan to a contract and calling the additional charge a premium.

Mr. Gold called the plan discriminatory and observed that finance charges should not be part of a premium.

Contract Failure Pits Surety vs U.S. Tax Liens

American Surety has asked the U.S. Supreme Court for a writ of certiorari in a case involving a performance bond and the priority of mortgages taken by the surety as against federal government tax liens. The Washington supreme court had decided partly in favor of American Surety's position.

Oscar Sundberg & Sons contracted with Boeing Airplane Co. to do certain painting work for $341,569. American Surety wrote the performance and payment bonds in that amount. On July 14, 1955, Sundberg notified the surety it could not continue the work and asked for financial assistance. The surety promptly advanced $9,000 with the understanding that the sum would be secured by mortgage.

Subsequently American Surety advanced additional sums, for a total of $163,316. Sundberg assigned to the company all sums due or to become due from Boeing and the firm's three partners executed morgages in favor of the surety on property they owned individually. The company recouped $106,747, mostly from Boeing, leaving a difference of $56,569, for which it obtained a judgment.

Internal Revenue Service filed notices of tax liens amounting to more than $40,000, beginning Oct. 26, 1955. The Washington court worked out a schedule of priorities which the surety argues is based on an erroneous legal premise, according some of the tax liens priority over the surety's mortgages.

In asking for a writ, the surety contends that a conventional mortgage is more than a lien. Also, if a mortgage is assumed for argumentative purposes only to be nothing but a lien, then the principle of "first in time is first in right" applies.

—

Senator Dodd To Speak At Conn. Mutual Agents Meet

Mutual Agents Assn. of Connecticut will hold its 1962 convention at the Waverly Inn, Cheshire, Feb. 5. Sen. Thomas Dodd, chairman of the Senate anti-trust and monopoly subcommittee will speak. Among topics on the program are new assigned risk revisions, multi-peril commercial package policies, and mutual funds. A "powder puff clinic" will be held for insurance women attending the meeting.

—

Join Despard & Co.

William A. Carlson and Paul E. Doherty have joined Despard & Co., New York brokerage firm. Mr. Carlson, formerly with Marsh & McLennan and with Griswold & Co., will be an average adjuster. Mr. Doherty, with Liberty Mutual 37 years, will be active in production.

—

UM Losses Rise

Virginia is expected to approve an increase in the premium for uninsured motorist cover from $1 to $3. At a hearing in Richmond, it was brought out that paid loss figures are running very high and that claim frequency has risen sharply in the past 15 months. Insurers in that state get part of the $20 fee which uninsured drivers have to pay when buying their license plates each year. This amounted to $1,809,329 in the year ended last June 30, but motor vehicle department administration expenses took $396,395, approximately 22%.

In Maryland, the unsatisfied claim and judgment fund will increase the charge against uninsured motorists from $26 to $32 to take care of a deficit in the fund next April.

Public Service Mutual Expands In Conn.

In conjunction with its current expansion into Connecticut, Public Service Mutual has appointed Nicholas G. Chilek to handle that field. He began in insurance 25 years ago with Crum & Forster.

In his new position, Mr. Chilek will supervise all operations at Public Service Mutual's new service headquarters at 100 Broad Street, Milford, Connecticut.

Peerless Reduces Overhead 30%; Achieves Several Added Benefits

In a period of rising office overhead costs and increasing volumes of clerical work, Peerless Ins. Co. of Keene, N.H., two years ago undertook an expense reduction program which has resulted in savings of more than $400,000 a year. The administration of the cost reduction program was under the direction of Ernest E. Newcombe, secretary-treasurer of Peerless. A similar program has been carried out in the past for United Life & Accident, an affiliate of Peerless.

A lot of hard work and planning went into the achievement. Peerless executives always have been conscious of the need for overhead expense control, and were among the first of the New England companies to establish such things as a methods department; budgetary and cost controls; work measurement and work simplification programs for their supervisors; and, in 1957, an electronic data processing program, through the use of an IBM 650.

Even while these intensive attacks on overhead costs were being instituted, the top officers of the company were looking forward to an even broader approach to the basic problem of expense reduction and control.

"As we analyzed it," Mr. Newcombe explained, "the institution of our supervisory programs and the installation of our electronic computer were—in a sense— tactical maneuvers. You might say that we looked on them only as skirmishes in our campaign for cost reduction. We knew that we still had to make a broad frontal assault—on a unified basis—that would embrace a total consideration of operating policies, organization, basic procedures, office layout and clerical staffing standards and controls."

Mr. Newcombe, Dudley W. Orr, now chairman, then president of Peerless, John O. Talbot, president, and H. Robert Heneage, executive vice-president, were all agreed on the plan to conduct an intensive over-all study of every phase of the company's operations, over a relatively short period of time.

A committee of executive and specialist personnel was formed, with Mr. Newcombe as chairman. It was recognized that these men still would have to give a great deal of their time to day-to-day administration. Consequently, the executives decided to engage the services of a management consulting firm to supplement the efforts of the company's own personnel.

After careful study by the senior executives, the firm of O'Toole Associates was chosen. An important point in this regard, Mr. Newcombe stated, was the fact that this firm had a record of accomplishment in the insurance business which was important. Peerless executives believed that because the insurance business is essentially technical and is so heavily regulated, the executive jobs are complex in nature, as also are many of the higher level clerical jobs. Therefore they decided to engage a firm that "knew its way around an insurance company."

The basic study of the Peerless administrative operations then was scheduled to begin shortly after the company had moved into its new home office building on the outskirts of Keene.

The company's executives did not neglect the public relations aspect of such a major undertaking. Bulletins went out at intervals, over the president's signature; the senior officers held staff meetings with executives, supervisors and employes, and informal discussions were held with key personnel.

In the study, every phase of the company's administrative processing was subjected to critical and searching review, and in all areas—sales, claims, underwriting, statistical, ac-

'Handicapped' Unit Meets

Louie E. Woodbury of Wilmington, N. C., past president of National Assn. of Insurance Agents, and A. L. Kirkpatrick, manager of the insurance department of U. S. Chamber of Commerce, attended a meeting of the executive committee of the President's Committee on Employment of the Physically Handicapped in Washington, D. C., at which it was voted to eliminate the word "physically" from the committee's title. This is in line with action by many state organizations and reflects an effort to encourage employment also of mentally retarded and rehabilitated persons.

The recommendation will go to the President. If he approves it, it then goes to Congress, which officially named the committee.

Mr. Woodbury is chairman of the subcommittee on workmen's compensation of the President's committee.

counting, and office services. No aspect of the company's activities was left out of the program.

Over 150 recommendations were developed, and their implementation was begun late in 1959.

Peerless waited almost a year before publicizing the results of the program for administrative improvement. "We wanted to be sure the improvements were permanent," Mr. Newcombe explained, "and that everything would result just about as we had planned. They were and they did."

Executives of the group believe that the success of their cost reduction program was helpful to them in several important ways besides the significant annual saving in home office overhead. The savings were made on a highly selective basis, with no across-the-board reductions. In fact, in some home office units the clerical staff actually was increased.

Also, the establishment of performance standards and controls was not limited to the routine clerical jobs. Similar yardsticks were applied to the managerial and specialist personnel as well. Further, the basic procedures were streamlined and coordinated with the company's computer operations. In this way all of the essential clerical and data processing work was brought into a total systems concept.

Not the least of the good results, company officials are convinced, is the fact that the executives and supervisors who took part in the study are enthusiastic supporters of the company's continuing program for cost reduction and control. Mr. Newcombe remarked, "It's like having a staff of volunteer controllers spotted throughout the company. It makes my job, and the job of every senior executive, just that much easier when it comes to internal administration and cost control."

Meredith Ends Lengthy Career With Chubb & Son

George F. Meredith, vice-president of Federal and manager of its New York fidelity bond underwriting department has retired. After 12 years with Globe Indemnity, Mr. Meredith joined U.S. Guarantee—later merged into Federal—in 1936. Later he was resident vice-president at Chicago before going to San Francisco in 1948 to help organize that office and become resident vice-president. He returned to the New York office in 1950.

Mr. Meredith's retirement home is in Phoenix.

F. & D. In Little Rock

Fidelity & Deposit has opened a service office at Little Rock under the direction of Clinton V. Butler, former special agent at Memphis. Fred C. Cochran, Memphis manager, will have general supervision of the new office.

Va. Casualty Men Eye Fire Merger

At its November meeting, Virginia Casualty & Surety Assn. considered dissolution of the organization, and transference of its assets and physical property to the Stock Insurance Club of Virginia, if and when the latter is formed. The question is being voted upon by member companies of the casualty and surety unit.

Insurors of Nashville elected Arnold Curtis president to succeed C. Martin Hunt. Other new officers are Dempsey Weaver Jr. and Joe H. Bandy Jr., vice-presidents, and Roger Smith, secretary-treasurer.

Home Pushes Gold Key Auto Policy Program

Home's Gold Key automobile policy has been introduced in South and North Dakota and Nebraska. It has been approved by Missouri and will be promoted in that state after Jan. 1.

The policy has been approved in Kentucky and is expected to be shortly in Illinois, Ohio, and Indiana. On the west coast, California, Arizona, and Nevada have approved the form.

The company launched its promotion of the Gold Key plan in Florida, Alabama, and Georgia in October. In the latter two states 70% of the agents initially contacted accepted the facility. The policy previously had been tested in several states.

John Roane adjusting firm of Baltimore has opened an office in Waynesboro, Va. Edward Schaffer, formerly an adjuster at the Richmond office, has been named manager of the new facility. James Hargreaves, adjuster at Staunton, will report to Waynesboro.

Royal-Globe Names Nicholas Secretary

Royal-Globe has elected J. Roy Nicholas secretary. He will assist in executive supervision of the claim and loss operation.

Mr. Nicholas joined the group in 1948 as a claim adjuster in the New York metropolitan department. He was advanced to assistant secretary in 1958 and since last year has had country-wide administrative responsibilities in the claim and loss department.

Texas Local Agents Name New Officers

Local units of Texas Assn. of Insurance Agents have elected the following officers:

Brenham, Ada Hackney president, Joel Williams vice-president, and R. S. Rogers secretary; Brazosport, G. C. Hardman Jr. president and Richard Harbour secretary; Corpus Christi, John H. Shell president, Richard Swantner and Elizabeth Wakefield vice-presidents, and Gordon Hurst secretary; Danton, Allie I. Miller president, Raymond King vice-president, and Henry Thompson secretary; McAllen, Robert W. Crutchfield president, and Loel O. Green vice-president; Plainview, Aubrey J. Ellison president, Curtie Mae Rogers vice-president and Clarence F. Parker secretary; San Marcos, Horace D. Bass president and Garland Stokes secretary; Waco, Frank Bruns president and J. K. McKay vice-president.

New regional chairmen selected at November meetings are A. E. Radcliffe, Arnold agency, El Paso, district six; E. P. Driver, Big Spring, district 13; P. E. Bear, Brownfield, district 12; Joseph Cree, Pampa, district seven, and J. E. Curlin, Nocona, district one.

—

American Advances Gray

American has named Richard D. Gray assistant claim manager at Detroit. He joined the company at Baltimore in 1949 as an adjuster, was promoted to claim supervisor there in 1951 and was transferred to Detroit in 1955 as staff supervisor, his most recent post.

Theory Of Tennessee Decision Discussed

George E. Klouda of Mutual Creamery of Minneapolis writes:

Since the essence of the Tennessee automobile rate decision was based on the commissioner's feeling that a uniform increase for all companies would give some insurers a financial windfall, how would it be possible for a commissioner to approve workmen's compensation increases or decreases? WC rates are made on a uniform basis and might work to one company's detriment and give another "a juicy financial windfall." In most states, companies are bound by law to use the rates promulgated by the WC rating bureau. If such rate making is good for workmen's compensation, should it not be followed also for other lines?

To a lesser degree this theory could be applied to fire rate making so that all companies would use the same rate. In our state practically all companies belong to the fire rating bureau.

—

Jarvise Raised To V-P By Farmers Exchange

Farmers Exchange has named R. E. Jarvise vice-president. He joined the company in 1950 and was division agency manager in north central and northern California. In 1952 he was appointed state organizer and transferred to Kansas City, in charge of Minnesota, Iowa, and the Dakotas.

In 1954 he was named regional sales manager at Austin, Tex., and was transferred in that capacity to Portland, Ore., in 1957. In 1959 he was raised to general sales manager at the home office with responsibility for sales in the Pocatello, Colorado Springs, Portland and Santa Ana regions covering 10 states. His new responsbility includes all regions and 26 states.

—

Rubber Stamps In Md.

In Maryland a sub-agent was furnished a large supply of SR-22 forms (safety responsibility) rubber stamped with a validating signature. The sub-agent ended his connection with the agency but continued to issue the SR-22s in the name of the agency without notifying the agency he was doing so.

The motor vehicle department sent the insurer involved a copy of the SR-22s, the company received and filed them without checking to see that a policy was in force. The matter came to light when a claim was made against the company.

Maryland Assn. of Insurance Agents points out that the insurance department frowns on use of rubber stamps validating policy but hesitates to issue a ruling because there are so many contracts in existence that have been issued with such signatures. However, the department in the past has indicated that it would be inclined to take punitive action against a company which tried to deny liability because its agent had validated a contract with a rubber stamp.

—

Insurance Information Institute's southeastern office is making December reports on the organization's progress to meetings of Alabama Fire & Casualty Assn. at Birmingham and to Florida Field Conference at Jacksonville. R. M. McFarland, III regional director, illustrates the presentation with slides.

Construction workers have completed the marble facing on the new home office building of Millers National and Illinois Ins. Co. on "Insurance Row" (Wacker Drive) in Chicago.

Major Medical Zooms

The number of persons covered by comprehensive or supplementary group major medical insurance plans was 25,608,000 at the start of 1961, as against only 1,889,000 six years earlier, according to a pilot study of group major medical expense insurance experience made by Society of Actuaries' group morbidity committee. Results were presented by Stanley W. Gingery, associate actuary, and Richard J. Mellman, assistant actuary of Prudential, at the society's annual meeting at White Sulphur Springs, W. Va.

The study shows that hospital charges represent about half of the total medical expenses of the claims studied. This proportion of total expenses was consistently higher than in the study made about eight years earlier—indicating the increasing importance of hospital charges in major medical expenses.

Increase By Age

The hospital expenses appear to increase by age at about the same rate as total expenses, maintaining the same relative importance into the higher ages. The expenses of private-duty nursing become relatively more important at the higher ages. Surgical and other physicians' charges, while increasing in amount, are a smaller proportion of the total.

The study shows the variation in claim costs by age, indicating that costs of employe coverages above age 60 are as much as four times the cost below age 40. Under dependents' coverages the cost for the spouse is about twice the cost for the children. For higher deductible plans the variation by age and the variation between spouse and children is greater.

Messrs. Gingery and Mellman also presented a separate study of comprehensive major medical expense claim costs covering 1959 in the 52 largest U. S. metropolitan areas. During that period Los Angeles had the highest level of claim costs, with Seattle, San Diego, San Francisco and Akron following in that order.

—

State Farm Mutual Auto has begun construction of two claim offices in the Chicago suburbs of Villa Park and Homewood. Each building will cost approximately $100,000 and will include a drive-in claim facility. The first of several planned in the greater Chicago area, the offices are expected to be in operation early in 1962.

Two N.A. Changes

John L. Carson III has been appointed property manager of the Denver office of North America. He has been assistant manager at Pittsburgh. He joined the company in 1949, became a special agent in Baltimore and Washington, and in 1956 was appointed assistant manager at Baltimore and in 1959 went to Pittsburgh.

Mr. Carson will replace Kenneth C. Young, who is being transferred to Detroit. Mr. Young joined the company in 1941 as a technical representative at Minneapolis. He became a special agent at Omaha in 1946, special agent at Detroit in 1949, assistant manager of Iowa and Nebraska in 1954, and property manager at Denver in 1960.

—

Wis. Blues Cover 27% Of State's Senior Citizens

Wisconsin Blue Cross and Blue Shield cover 27% of the state's senior citizens, according to L. R. Wheeler, executive vice-president Wisconsin Blue Cross. Under conversion, a person, regardless of age, is allowed to retain Blue Cross and Blue Shield protection when he leaves his group because of retirement or other causes.

IAC Told To Focus On Communications; New Plan Set

(CONTINUED FROM PAGE 1)
annual contest the most important single function of IAC.

The long disputed area of company-agent cooperative ad programs was discussed at length by Mr. Schaffer. He said that the new NAIA program to solve this problem will be a four-week effort beginning Oct. 14, 1962, and culminating in "Protection Week," Nov. 4-10. The concentration will be on making people conscious of insurance protection and on urging them to get an insurance checkup.

Mr. Schaffer revealed that NAIA will concentrate a large part of its ad budget on a variety of national advertising during the four week period. The effort will begin in the first week with a three page regional ad in Life, pointing out that the wrong insurance can cost a policyholder every cent he has and put him in debt in the bargain. At the same time, a near-saturation radio campaign will be undertaken over the NBC network of 188 stations. In the second and third weeks, the inaugural ad will appear in other leading consumer publications and it will be continued in more leading magazines in the final "Protection Week."

Mr. Schaffer said it is hoped that companies will tie in with this project. He emphasized that NAIA is not asking monetary support from companies. They can even tie in without using the Big I seal, though NAIA would like to see this done. Companies need make no reference to the phrase, "Protection Week," though this would be preferable.

Some of the ways in which companies can cooperate were outlined by Mr. Schaffer:

1. They can schedule some of their national advertising during the four week period and notify their agents that they are doing so.

2. They can relate these ads to the idea of an insurance checkup or even to the sale of particular coverages.

3. They can prepare material which agents can use in the period leading up to the final week and during it. Or they can suggest use of materials hitherto available and pertinent to the campaign. Of maximum value would be direct mail stressing the advantages of doing business with an independent agent or highlighting specific policies, with minimum emphasis on company names. Also desirable will be newspaper mats, ranging from 60 to 180 lines, stressing the project's themes and emphasizing the agent; outdoor posters stressing insurance checkups, and radio and TV scripts, either 20 or 60 seconds in length.

Benefits Noted

The company which participates will reap rewards, for it will find agents particularly receptive during the project to promotion of sales and to use of tie-in material. Cooperation by companies will improve agency rela-

Travelers Issues Booklet On Boiler And Machinery

Travelers has published a booklet on the 1961 edition of the boiler and machinery policy. The company stresses that the line has entered a new era with the introduction of the comprehensive single definition of accident.

The uniform definition of insured hazard has required extensive revisions in all coverage forms and some of the policy provisions, the company points out. Travelers' move in combining all policy provisions, except the declarations, into a separate "coverage form" has resulted in a more compact policy which makes full use of the schedule for the concise description of risk.

The booklet may be obtained from any Travelers office or from its agents.

Insurer Cited For Work In Behalf Of Handicapped

Employers Mutual of Wausau has received the distinguished service award of President Kennedy's committee on employment of the physically handicapped. The honor is in recognition of the insurer's long record in promoting employer and public understanding of the employment capabilities of the handicapped.

The organization produced a color film last spring on the rehabilitation of a blind person and has featured in its advertising the employment of handicapped individuals.

Quits Compulsory Study

A Florida legislative council committee has taken compulsory automobile liability insurance off its agenda where it had been placed for study. Two members of the legislature objected to the study. They pointed out that under compulsory not everyone is insured and that it would increase rates for safe drivers.

tions and make future efforts more successful.

Mr. Schaffer emphasized that the project is aimed at increasing sales, one subject on which companies and agents can agree. It is flexible enough to enable every company and every agent to develop promotion on an individual basis. It does not restrict the agent to an individual company or to specific policies. It does not confine the companies to certain agents or to specific themes which may not coincide with a given company's operating philosophy. All these features are essential to a successful cooperative effort, Mr. Schaffer said.

He noted that in the past agents have spent only between 2.5% and 3% of commission income on advertising, including calendars, blotters, novelties and "charity" ads. He feels that the agent should spend at least 5% of such income.

Part Of Cape

This limited interest in advertising and frugal spending by agents has been one cause of the failure of cooperative efforts in the past. Another reason is that many companies have shown little enthusiasm for advertising itself, as compared with other company functions. They have devoted less than one half of one percent of net premiums written to advertising. Recently, the activity has gained in stature and there are many fine campaigns today. But top management probably still asks the ad directors questions on how much good a campaign does the company, how much business can be traced to it, and how widely agents use promotional material prepared by the company.

The 1962 NAIA project will answer these questions effectively and will also overcome other former stumbling blocks that have impeded agency-company cooperation in advertising in the past.

He noted that the campaign he described is part of the broader CAPE program of NAIA, which is a long range plan for coordinating the advertising efforts of independent agents and their companies.

In line with the meeting theme, IAC heard from outstanding mass communicators in other phases of the program. Kenneth G. Crawford, a Newsweek editor, was Monday's luncheon speaker and C. D. Jackson, publisher of Life, was that evening's banquet feature. The communications story was covered on a multiple line basis by two speakers who told how the subject is handled in their companies: Samuel R. Boggs, public relations and ad manager of North America, and Henry M. Kennedy, second vice-president of Prudential.

Wickard Ends Coast Career Of More Than 40 Years

Fred E. Wickard, fire manager of the Pacific department of Commercial Union-North British, is retiring after more than 41 years with the organization.

Beginning in 1920, he held clerical positions at San Francisco until his appointment in 1926 as Oregon special agent. He was recalled to San Francisco in 1940 and has held managerial posts there since that time.

West Palm Beach Assn. of Mutual Agents has elected Homer S. Kuney of Lake Worth president, John Turrentine of West Palm Beach secretary-treasurer, and Charles Boos of Boynton Beach and Elmer Kingman of Lake Worth directors.

Wikman Ends 34 Year GAB Education Career

Allan Wikman, director of education and research of General Adjustment Bureau, is retiring after 34 years with the organization.

Mr. Wikman was in the loss departments of Continental, Commercial Union and Firemen's of Newark before joining GAB in 1927 as a staff adjuster at Scranton where he later became manager. In 1945 he was named assistant manager at Buffalo and in 1947 he was transferred to New York as assistant manager of education and research, eastern department. He has been director of education and research since 1955.

Mr. Wikman is a past president of Insurance Company Education Directors Society. He will make his retirement home in St. Petersburg.

Insurance Inc. of Anchorage has named Charles S. Coffeen vice-president. He had been state agent at Seattle for New Hampshire.

Nettleton In American A&S Post In Chicago

James C. Nettleton has joined American at Chicago as group A&S manager.

He has been with the Benefit Assn. of Railway Employees in Chicago for the past 12 years, most recently as group sales supervisor. Mr. Nettleton has had experience in claims, auditing, underwriting, contracts, and in all types of cases, including union, association and other plans.

Urges A Simpler, Less Ambiguous HO

Conceding that the homeowners is an improvement in coverage for insured, G. S. Peick, loss manager of American Hardware Mutual, nevertheless believes that several things are needed to make it a better coverage from the viewpoint of the insurer. He expressed his views at the meeting in Chicago of the Mutual Insurance Technical Conference.

He said that to remove any coverages that have been offered would be retrogression. However, he would like to see some simplification—there are now 16 different forms, not counting endorsements. Also, the ambiguities should be eliminated. He urged underwriters to "put down in simple understandable words just what you want to cover and what you do not want to cover."

For example, the term "mysterious disappearance" should be taken out of the form. Substitute for it, he said, the statement, "this policy covers lost items." It is an accident when someone loses something, and loss men have a difficult time trying to explain the exclusion. They generally end up by paying the loss.

Other Recommendations

Mr. Peick also recommended that the insurers take loss handling out of the hands of agents, that companies interpret policy conditions uniformly, that coding be broadened to include more causes of loss so that underwriters can more readily identify the causes, and that companies consider making the deductible mandatory but perhaps with a disappearing deductible

Prior to 1960 there were 16 loss causes which were coded, he said. These were cut to nine. Additional living expense, which is producing heavy losses under homeowners, is not listed as a cause of loss.

Mr. Peick analyzed 100 of his company's homeowners losses of $1,000 or less to get an idea of loss causes. The total paid on the 100 was $12,629. Fire caused $3,132, wind $1,550, smoke $1,005, and explosion $538. These coverages were in the extended coverage category and added up to $6,225, or 49% of the total. The other losses were water $455, burglary and robery $1,189, theft $1,928, mysterious disappearance $911, vehicle damage by insured's own vehicle $193, vandalism $129, ice and snow $335, glass breakage $436, electrical $58, and trees $700. The total in the second category was $6,404, or 51% of the total.

Yet, he said, some HO forms can be bought for less than insured paid for fire, EC, burglary and outside theft. Unquestionably insurers are giving a great deal broader coverage under the homeowners.

Maintenance Policy

He said that the companies might well conclude that they are providing a maintenance policy—agents are selling it as that. But if they do, they had better be sure to get enough money for it.

Replacement cost is providing the company with real losses, though not coded as a cause of loss. For example, one insured carried $8,000 on dwelling and $6,000 on contents under a form B. The fire was a bad one. The adjuster estimated the actual value of the dwelling at $4,000. The estimate to repair was $5,225. Estimated replacement cost was $9,000. The loss on contents was $4,234 after $2,100 depreciation. The additional living expense was $391.

Another living expense loss ran to $6,000, one was $2,560, and another $1,400.

One loss that will cost $500 or so is almost unbelievable, Mr. Peick reported. The porcelain on insured's bathtub began to pop off in small pieces, making a noise that could be heard all over the house. At the time of the agent's report about two-thirds of the tub's porcelain had burst off. Mr. Peick believes the loss is covered under the all physical loss endorsement. "Inherent vice" might have excluded it, but those words are not in the form. The tub was in excellent condition otherwise, so it cannot be excluded as "wear and tear."

In conclusion, Mr. Peick urged companies to make the loss man a part of the management team. He is able to get the feeling of the public from an entirely different aspect than does the producer.

Mutual Bureau In OL&T And Other Revisions

Mutual Bureau has revised BI increased limits factors for its liability manuals, resulting in a reduction of approximately 20% for OL&T tables A and B, and increases of approximately 25% and 30% for M&C tables A and B, respectively. The changes were effective Nov. 29 in 38 jurisdictions and are pending in others.

As part of the revision, the BI increased limits tables have been simplified to contain only the factors for the seven most common policy limits combinations. Provision has been made for writing, on an individual risk basis, limits other than those retained in the tables.

The bureau has reduced by 25% PDL rates for owners or contractors protective liability in Illinois, effective Nov. 29.

N.J. Surety Men Elect

At its annual meeting in Newark, Surety Underwriters Assn. of New Jersey elected Fred G. Scocozza Hartford Accident, president; Robert A. Baron of National Union, vice-president; C. Eugene Barnes of Standard Accident, treasurer, and Richard C. Lewis of Maryland Casualty secretary.

New members of the executive committee are William E. McCauley of America Fore Loyalty, Ralph W. Hawkins of New Amsterdam Casualty, Henry W. Rogers of Aetna Fire, R. W. Marshman of Aetna Casualty, and Edward Helstrom of National Surety. Gilbert Serbe of U.S.F.&G. was named chairman of the nominating committee.

Court Decides Case Of $38,000 Horse

A decision of interest to insurers has been handed down by the U. S. Court of Appeals at New York. The case, Rand vs certain British companies and certain Lloyd's underwriters, reported in 10 CCH (Fire & Casualty) 1112, involved the death of a $38,000 race horse. The insurers denied liability because notice of a fractured leg bone, discovered by x-ray in January, 1957, was not given to the underwriters until Sept. 4. The coverage called for immediate notice by telephone or telegram and forfeiture in the event of failure to give such notice.

The appeals court reversed the verdict of a district court jury, which found for plaintiff, and remanded the case for a new trial. However, the appeals court based its reversal on the ground that the lower court judge, in charging the jury, had overemphasized the question of the seriousness of the horse's injury, to the prejudice of the insurers.

Submission To Jury

The majority upheld the propriety of the district court's ruling that the question of timeliness of notice was for the jury.

While all concurred in the reversal, Judge Hincks held in a dissenting opinion that it was improper to submit the question of notice to the jury. He would reverse with a direction to enter judgments for the defendants. Under any interpretation of policy language, immediate notice was not given, he observed.

The majority of the appeals court held that "immediate notice" should be interpreted as defined in New York cases, as "reasonably immediate notice under the circumstances." The court said it was unwilling to adopt a stricter standard of interpretation for federal courts to apply when adjudicating claims arising on livestock policies than when interpreting fire and indemnity contracts, despite the stronger language in the notice clause of livestock policies.

Overfavored Plaintiff

The court did find that the lower tribunal "overfavored the plaintiff by instructing the jury to ascertain the time when the horse was found to be suffering from a serious ailment and by constantly reiterating that a showing that the horse's health was seriously affected was a prerequisite to the giving of immediate notice of the

horse's condition." It added that insured's opinion of what is or is not a serious ailment does not determine when notice must be given under the policy since the policy says nothing about serious or non-serious lameness.

J. J. Killea and J. P. Sullivan of Mendes & Mount, New York, who appeared for the insurers, are appealing to the U. S. Supreme Court. Kissam & Halpin of New York represented the plaintiff.

O'Connor Asks A&S Men To Contact Congressmen On Proposed Legislation

The most important thing health insurance men throughout the country can do, according to E. H. O'Connor, managing director Insurance Economics Society and legislative chairman for International Assn. of Health Underwriters, is to make personal calls on their congressmen or Senators between now and next January.

Mr. O'Connor told members of the IAHU board at its recent meeting in Chicago that the fall and early winter months offer the best opportunity for insurance men to make their views known on the King bill in face-to-face interviews with the lawmakers. "Your elected representatives are eager to learn your views. With Congress adjourned they have time to discuss the issues with you," he stated.

To find the home address or local office address of legislators, Mr. O'Connor recommended phoning local newspapers.

President Kennedy has already indicated he will give the bill top priority when Congress resumes in January, and the reelection pressures on legislators to give something away will be considerable, Mr. O'Connor asserted.

Despite political obstructionism, the Kerr-Mills law is being well received by the various states, he said. In combination with insurance, Kerr-Mills aid will do the job for the country's older aged. The King bill is totally unneeded.

Turning to other matters, Mr. O'Connor said that 10 compulsory disability bills in eight states had been successfully disposed of during the past legislative season. No such bill has been enacted in the past 12 years, despite 20 attempts in 23 state legislatures. California, New York, New Jersey and Rhode Island remain the only states with such programs.

Students Tour N.A.'s HO

North America was host to 10 Philadelphia high school students as part of the Executive For A Day program sponsored by National Office Management Assn.'s Philadelphia chapter. The 10 commercial students, spent a full day at the company's home office, where they talked to executives and toured the building. After a special luncheon, the girls spent two hours doing secretarial work in North America departments. A question and answer session in the board room and a talk by H. Paul Abbott, personnel secretary, completed the day.

Massie Firemen's Director

R. H. L. Massie, president of Dominion Insurance Corp., Toronto, has been elected a director of Firemen's. Mr. Massie is also president of Massie & Renwick, Toronto general agency, which has supervised the Canadian business of Loyalty group companies for nearly 50 years.

Ties Independent Adjusters To Agents

The independent adjusting business is the claims arm of the agency system, Bruce H. Smith, executive secretary of National Assn. of Independent Insurance Adjusters, declared in a talk at the University of Miami annual fire investigation and subrogation seminar.

The agency system places competing salesmen in every hamlet, village and town. Insurers have never been able to afford nor can they now establish staff adjusters in every community where they have exposure, Mr. Smith said.

He noted that establishment of a company claim office still requires a substantial volume of losses or claims in one area to make it economically feasible. This is even true, to a certain extent, with respect to bureau operations. It is therefore obvious that there is still a need for a vast network of adjusting facilities to take care of the companies whose individual exposures are geographically widespread. The independent adjuster is the answer, Mr. Smith said.

In addition to the need for immediate service in areas remote from company facilities, it must be remembered that the claim volume in a company office does not remain constant. Circumstances can bring about an overloading of staff adjusters, and independents can assist in times of loads.

Some companies write a modest amount of business in a specialty line and rather than employing qualified salaried men for claims service will

use independents, thus eliminating overhead.

Mr. Smith pointed out that the handling of claims provides the best opportunity for creating good public relations. The independent is always aware of this, for his very livelihood depends on the promptness, courtesy, dependability and efficiency which he demonstrates in his assignments.

Valuable In Catastrophes

The independent is highly qualified to serve in times of catastrophe. He has been "on the ground," knows territorial customs, practices and problems, and is well acquainted with local insurance men. He has earned their confidence.

Moreover, the staffs of independent adjusters can be augmented just as speedily and economically as can those of other adjusting facilities. This has been demonstrated in the past and will again be in future.

Independents are active in all lines, Mr. Smith observed. But whatever his specialty, the independent must also be a good business man with sound judgment, for he operates his own commercial enterprise. This dictates that he operate on a basis equitable to all concerned in a claim. His service is personalized rather than regimented or mechanized.

Mr. Smith traced the accomplishments of his association in furthering the professional aims of independents. He noted that his group expects to publish the first text books in its national education program in 1962. This is a home study course under the direction of Insurance Institute of America and will require four years for completion. It will be open to all interested parties, and the association will not profit monetarily from it.

Keep Informed On Canadian Insurance Action, Bray Warns

(CONTINUED FROM PAGE 7)

censed insurance in those provinces.

Mr. Bray said that buyers in Canada avoid unlicensed insurance. Licensed insurers, including Lloyd's, provide rates and conditions the buyers can live with, and there is coverage for practically every conceivable risk, particularly when buyers use the knowledge of experienced agents or brokers who should also be properly licensed.

Cites Developments

Mr. Bray sounded a warning of things to come. The Canadian tax authorities have long regretted that they cannot collect income tax on commissions paid to non-resident agents or brokers. Last June, Canada's minister of finance, speaking in Parliament stated:

"There appears to be an increasing tendency on the part of non-resident corporations carrying on business in Canada, and also Canadian corporations which are controlled outside of Canada, to arrange their fire and casualty insurance in respect to risks in Canada either with insurers which are not authorized to transact the business of insurance in Canada or with insurers that are so authorized but through agents or brokers located outside Canada. Undoubtedly, these practices stem from a desire to make all insurance arrangements at the head office of the corporation or at the head office of the parent corporation, as the case may be, rather than from any lack of adequate insurance facilities in Canada.

"The practice of arranging insurance of risks in Canada through non-resident agents and brokers is currently being studied, and further steps, if found necessary, may be taken to curb this undesirable practice."

Other Moves

About the same time, the federal superintendent of insurance sent out a call to all licensed companies asking for lists of their policies with Canadian coverage issued to producers not resident in the country, Mr. Bray recalled.

Last July,, the Ontario Cabinet passed a regulation that no new agents' licenses would be issued to non-Canadians or corporations principally owned outside Canada. Although the final regulations are yet to come, Mr. Bray understands that some American buyers with Canadian operations are re-examining their portfolios to make sure their underwriters' licenses comply with Canadian government wishes on the use of resident brokers or agents.

The trend is obvious. Mr. Bray suggested that all those concerned with Canadian risks heed the warning signals.

North America Names Tickle And Childers

North America has named two service office property manager—William L. Tickle at Nashville and Henry A. Childers at Cincinnati.

Mr. Tickle, with the company since 1950, has been a technical representative at Nashville and then assistant property manager there since 1957. Mr. Childers joined the company in 1947 and held several positions in the midwest before becoming assistant property manager at Chicago in 1957.

AFIA Operations In Gratifying Growth

(CONTINUED FROM PAGE 1)

tries, Mr. Nichols said.

Among the major classes, fire showed the largest profit. The trend reported last year of American accounts being placed overseas continues. The foreign branches have shared in this development, which has caused a decrease in income in the U. S. head office brokerage business. The European area has considerably improved, showing an underwriting profit of 9% compared to a 20% loss in the previous year. The only serious catastrophe in which AFIA was involved in the past year was a conflagration last May in Manila.

Marine net premiums showed an increase of 30.4%, and casualty net writings advanced to $20.1 million, a gain of 12.8% over last year. Fidelity and surety writings remained approximately the same. AFIA presently maintains 341 active incoming reinsurance treaties with companies in 50 foreign countries. The fire and casualty results in this field were profitable for the year, while marine treaties showed a deficit.

Mr. Nichols commented that confiscation of property and expropriation of capital, such as happened in Cuba, probably had the effect of stopping more than $500 million of U. S. private capital going into Latin America. The highly-developed countries are offering enticing programs to bring in new capital. The response is good. Private enterprise will do a good job if given the opportunity. The enlightened owners of private capital are prepared to share the rewards with the peoples of the countries where they are permitted to establish new industries. Capital will go the full way to meet the reasonable requirements of governments, but it is hopeless to expect any sound financial operator or firm to risk its capital in those countries where the climate is hostile or where regulation or legislation will not permit a sound and efficient operation and a fair return on capital invested and risk taken.

Name Salvage Unit V-Ps

U. S. Salvage Assn. has elected William F. Watkins vice-president operations; John R. Lindgren vice-president-chief surveyor; and Harry S. Townsend vice-president research and technical.

Mr. Watkins joined the association as a surveyor in 1949 and became chief engineer in 1958. Mr. Lindgren, with the organization since 1952, was appointed assistant to the president in 1960. Mr. Townsend joined the association as a technical assistant in 1952 and was named technical supervisor in 1958.

Syracuse Education Day

The Insurance Council of Syracuse, N.Y., sponsored an insurance education day there attended by 50 agents and company representatives. Willard J. Obrist of General Accident was moderator of the program.

A panel discussion of modern packaging and risk analysis was conducted by four members of the Syracuse chapter of CPCU. Selling the survey was handled by Francis F.J. Mononey, local agent; risk analysis by R. Richard Cook, Glens Falls; new package plans by John J. Twomey, Agricultural, and crime package policies by F. Byron Neff, Travelers Indemnity. Pierce E. Goold of New York Fire Insurance Rating Organization discussed recent changes in fire rating.

Luncheon speaker was Frank A. Gahren, Jr. of America Fore Loyalty at Buffalo, who spoke on The Lean Years Are Here.

In the afternoon Irving L. Shimberg, local agent, treated agency perpetuation. John F. McKernan of Aetna Casualty dealt with personnel selection, and Henry W. McCusker of Hartford Fire group with education and training.

Paul H. Blaisdell of Insurance Information Institute closed the session with a talk on agency public relations.

Financial Guarantee Coverage Is Offered

Empire Mutual of Philadelphia now is issuing security transaction coverage, which guarantees that the lender will continue to receive regular interest and principal payments if the borrower is unable to fulfill his financial obligations. Consumer installment contracts are not eligible for the coverage but finance company obligations are.

The largest volume, it is anticipated by the company, will come from issuance of performance bonds which guarantee interest payments and repayment of the principal of financial obligations of business concerns which obtain capital funds from the public. Currently, Empire Mutual has several test situations in operation which the indicate have generated a good deal of interest.

The coverage is a form of suretyship, and collateral is required. However, the objective is to provide in this way a means by which the lender might provide a more favorable interest rate, longer terms or less restrictive provisions than it might in the absence of the security transaction insurance.

Advise Ban On 16 Year Old N.J. Farm Drivers

New Jersey's Coordinating Council on Traffic Safety has urged the legislature to abolish special permits allowing farm youths to drive at age 16. The minimum age for others is 17.

The council acted after a report from James A. Sherwood, assistant director of motor vehicles, revealed that in 1960 there were 524 farm licenses in effect. These were issued to 448 boys and 76 girls. Among the holders there were five involved in fatal accidents. There were 129 personal injury and 1,104 property damage mishaps, and 382 summonses were issued to the group.

New Fire Safety Film

National Board's new fire prevention film, "See a Pin," has been previewed in New York.

The color film runs 13½ minutes and has been cleared for television showings. It will soon be available on free loan from Bureau of Communication Research, 267 West 25th Street, New York 1, N. Y., or from National Board's office at 465 California Street, San Francisco 4.

Plaintiff Lawyers Denounce

New York State Assn. of Plaintiffs' Trial Lawyers, a group with 2,400 members has wired President Kennedy protesting the Warsaw convention, which limits total recovery of those injured or killed on international air flights to $8,300, gold. The federal government has been considering the possibility of withdrawing from the convention.

Amer. Surety Moves to Regional Operations

At the annual press luncheon of American Surety-Pacific National, Henry Sheehy, president, reported informally on the progress of the group's decentralization program.

The home office building in New York has been sold, and the nucleus of that operation will eventually be housed in 110 William Steet, New York. This reflects the shift in emphasis to regional operations.

Mr. Sheehy noted that it was difficult to make money in the insurance business today, especially with respect to third party liability. He indicated that the group will place emphasis on immediate settlement of claims in future, except where "unconscionable" amounts are involved, calling for the intervention of courts.

There is not much hope on the loss side of the business, Mr. Sheehy observed, except for the handling of claims in the manner he described. There are possibilities on the expense side, however, and the group will be intent on exploitation in this area.

Activity In Many Areas At NAIC Meeting

(CONTINUED FROM PAGE 1)

insurance. Additionally, there was a decision to get started on uniform principles or legislation for variable annuities, and a number of A&S matters were covered.

The unusually large attendance (1,500) in a hotel of not unusual size created traffic jams everywhere. On the first day, when subcommittees were meeting three at a time, movement was at a crawl, but from then on the crowd began to thin out as one company man after the other completed his business or got his question answered.

The last committee meeting was that of rates and rating organizations. This is the parent of the Gerber subcommittee that has been studying rate laws. When the subcommittee met, ostensibly only to consider amendments to the aggrieved party and deviation sections of the rate laws, industry put on quite a push to get the whole rate law issue reopened, particularly in the area of prior vs no prior approval. Vestal Lemmon, speaking for National Assn. of Independent Insurers, offered a lengthy well documented paper urging this action. J. R. Berry, for the National Board, put the question squarely up to Mr. Gerber, saying he had heard privately that the subcommittee would welcome renewed discussion—to which Mr. Gerber replied that NAIC never turns down a chance to hear constructive proposals. National Assn. of Insurance Agents wanted the matter left as it is with NAIC favoring continuation of the present system.

When the subcommittee made its report to the rates and rating organizations committee, it reiterated the statement of its report at Philadelphia that "While not wedded to existing procedures for rate determinations, the subcommittee believes that the advocates of change bear the burden of demonstrating that change is needed in order to serve the public interest better than existing procedures. This condition . . has not been met; (the subcommittee) accordingly records its unanimous opposition to the abandonment of 'prior approval' in favor of the proposals before it and its unanimous conclusion that adoption of such procedure would ultimately tend to the lessening of competition and the erosion of effective regulation in the public interest."

"This has been and remains the position of the subcommittee," the report stated.

It would thus appear that NAIC is not going to have any official change of heart. For the record, industry has been told it will be next to useless to continue this issue. Yet there is also every indication that industry will bring the matter up at the next meeting, in June at Montreal, and will get a hearing. It is felt that industry must make its record, too. For example, Robert N. Gilmore of Assn. of Casualty & Surety Companies told the subcommittee that his organization, in cooperation with the National Board and Inland Marine Insurance Bureau would forthwith prepare its response to the Philadelphia report. In the meantime, the Gerber subcommittee will spend its time perfecting a report on aggrieved parties and deviations.

Substantial progress in the definition of catastrophe from an extended coverage standpoint, and means of determining a loading for it in the EC rate was reported to the subcommittee on this subject by Kent H. Parker of Inter-Regional Insurance Conference. The subcommittee reported to the rates and rating organizations committee that it will continue its studies with an additional member on the industry committee from either Mutual Insurance Advisory Assn. or American Mutual Insurance Alliance.

Much less was reported by the safe driving and merit rating subcommittee which had a long statistical session the last time it got together. This time the report was that no further data had been received. However, inserted in the record was a letter from Commissioner George Mahoney of Maine that the state supreme court had upheld the department's decision not to approve a filing insuring the driver rather than the auto.

The rates and rating organizations committee then confused at least half the people in attendance by calling on Sen. Jarrard Secrest of Temple, Tex., for a statement. To top that, when the Senator was done there ensued a debate on the merits of the National Bureau franchise filing.

Sen. Secrest had made an attempt two days earlier to appear before the Gerber subcommittee to protest the uniform rate system for auto insurance in Texas. He didn't make an appearance, he was asked instead to file his statement. But the Senator didn't want to do that, and the newspapers the next day carried the gist of the statement together with the news that he hadn't been permitted to make it orally before NAIC. So he got another chance from Mr. McConnell and his committee, and on that occasion the Senator was mild, offering a welcome

to NAIC to Texas and praise for its efforts. Nothing was mentioned of auto rates.

Apparently the bureau filing got before NAIC on the insistence of National Assn. of Insurance Agents. There was an effort by at least one commissioner to have it heard, if it had to be heard, in executive session rather than before industry.

But the fact that the audience was unprepared didn't mean the antagonists were. National Bureau offered a full disclosure by Elmer Twaits, secretary, of how its plan operates, why it was introduced, what it is designed to do; all with repeated assurance that there is no intention or means to abuse the fictitious fleet rules, with which the bureau is in full accord. Mr. Twaits was even able to offer visual aids, a chart which showed the rules by which the plan operates.

NAIA doesn't like the plan, according to Cooper M. Cubbedge, president. He said it would lead to chaos. Seventeen states have acted to disapprove or withdraw the filing, he declared. NAIA stated, through Mr. Cubbedge: "Gentlemen, this filing is unlawful."

Ira Brander, president National Assn. of Insurance Brokers, took another tack. He wondered if an insured should be penalized just because a producer might lose a commission. The brokers think the franchise plan is all right, even though it could cost some agents and brokers some business. The status can't be maintained forever, he said, and he recommended NAIC open the door to change and support those doing a job. The brokers endorse the plan as improving the competitive position of producers.

The point was made by Commissioner William Timmons of Iowa that the rates and rating organizations committee did not constitute a proper forum for discussion of a filing. He made that remark after Mr. Twaits had finished and it began to be evident what was up. Mr. McConnell was struck by the logic of this, but observed that since he had made the initial mistake he felt it would be only fair to let the other side have its say. That allowed Mr. Cubbedge to get the agents on record and Mr. Brander to give the bureau some support. The report of the committee, which mentioned this incident in the briefest terms, noted that "no action was requested or taken."

Several new matters were discussed at the meeting of the examinations committee. Frank Sullivan of Kansas is chairman.

In line with a recommendation of the Gerber subcommittee on fire and casualty rate regulation, the committee considered examinations of advisory and rating organizations. No comment was made on the proposal by industry or by the committee members, the matter going over to executive session.

Martin Raynoha of Wisconsin brought up a question from Zone 4, pointing out that the examiners' handbook calls for calculating interest on mortgages at the end of the accounting period on a gross basis, but a number of companies are reporting, as permitted by the annual statement, on a net basis. Examiners should criticize this in an examination, he noted. However, because so many are doing it, Mr. Raynoha felt the net basis report should be made permissible.

George Howarth of Massachusetts discussed the problem of examination of records compiled by electronic computers. New rules and regulations are needed in this area, he said. Management depends on the machines to provide information, but how are examiners to verify the results? Should they sort the millions of punch cards? Should they accept the machine results with their "built in controls"?

An examiner going into a company nine months after the annual statement is made cannot reconstruct the data on which the statement was made if machines were used, Mr. Howarth said. The tapes and cards from which the statement was made don't supply the answers as to what went into those tapes and cards. He wondered whether a state examiner could tell a company in advance what will be wanted so that data could be prepared especially for an examination. It couldn't be done for a zone or convention examination, he admitted, because it would be improper for a home state man to make such preliminaries.

Favors New Regulations

Rules for saving and destruction of records don't apply in the same manner to electronic data processing, Mr. Howarth noted. He favors some new and satisfactory regulations.

Preliminary data on a survey of state examination requirements were touched on by Director Joseph Gerber of Illinois, whose department worked up the material.

Mr. Gerber commented that he was amazed at the differences between states in examination laws. He suggested the examinations committee might like to have the survey made in more detail as a start towards helping states determine how best to utilize their examination manpower in view of the tremendous growth in number of companies and size of the insurance business.

Editorial Comment

How To Be Popular Though Political

Michael H. Prendergast, New York state democratic chairman, is out of favor with the White House and has been publicly slated for removal by Mayor Wagner of New York, who was recently reelected. Now Mr. Prendergast has proposed that the legislature expand the powers of the State Fund, which presently writes workmen's compensation and compulsory disability, to write health and automobile liability insurance.

As an alternative to having the State Fund, with its more than $315 million in assets, write A&S and auto liability, Mr. Prendergast suggests the legislators may want to set up an additional fund or funds to do so.

He indicated that such a move or moves would bring down the costs of health and liability coverage, which have been rising to a point of consumer emergency. He noted particularly the rise in Blue Cross rates.

Though Mr. Prendergast's proposal may sound strange and even far fetched to the ears of the insurance people, the proposal will not seem odd to many labor people, and the idea that the State Fund write auto liability in competition with private insurers has been made before by others.—K.O.F.

Deaths

JUSTIN POTTER, 63, chairman of Cherokee, died.

HARRY L. MAY, 39, state manager Atlantic Mutual group at Indianapolis, died.

T. D. SULLIVAN, 59, an independent adjuster at Jackson, Miss., died at Port Lavaca, Tex., where he had been adjusting Hurricane Carla losses.

HAROLD R. NEVINS, 78, director emeritus of State Farm Mutual Auto, died at his home. He became the company's first state director in 1925 and held this post until 1956. He was also a member of the boards of State Farm Mutual, State Farm F.&C. and State Farm Life until 1960 when he resigned for health reasons. He was named director emeritus at that time.

E. PAUL PATTON, 62, local agent at Jenkintown, Pa., died. He was secretary of International Collegiate Soccer Assn. 10 years.

NORMAN C. MENDES, 68, a member of the New York law firm of Mendes & Mount, which represents London Lloyd's in the U. S., died. He lived at Pleasantville, N. Y. A graduate of Harvard Law School, he was admitted to the New York bar in 1921.

WALTER LINN, 83, Philadelphia local agent, died. He was a founder of Pennsylvania Manufacturers Assn. in 1913 and served as associate secretary till 1919. He was also the founder of Pennsylvania Self-Insurers Assn. and was its executive secretary from 1922 to 1957.

ABNER GOLDENSON, 66, partner of Goldenson & Goldenson, Chicago law firm specializing in insurance work, and general counsel of Home Owners Mutual of Chicago, died. He had been an insurance attorney for 45 years, starting with Bates, Hicks & Folonie in 1916.

OTHO E. LANE, 81, retired chairman and president of Reliance, died at West Chester, Pa. He was president of Niagara Fire of New York from 1917 to 1929. He was president of Reliance, formerly Fire Association, from 1930 to 1944, when he became chairman. From 1948 to 1951 he was chairman of the executive and finance committee of Reliance, when he retired. He had served on the board of managers of Western Saving Fund Society, Philadelphia, and as a director of Pennsalt Chemicals Co. and First Pennsylvania Banking & Trust Co., Philadelphia. A fox hunter, he rode with the Radnor, Brandywine, West Chester, and Rose Tree, Pa., hunts. His home was in Westown. Pa.

HARRY W. YANKEE, 70, retired state agent in Kansas of Agricultural, died at St. Luke's Hospital in Kansas City. He started in insurance at the age of 18, and had been with Agricultural for 25 years before retiring in 1957. He was a past president and charter member of Fire Prevention Assn. of Kansas and a past president of Underwriters Assn. of Kansas.

WILLIAM H. CONROY, 85, retired partner of the New York brokerage firm of Flynn, Harrison & Conroy, died at his home in Washington, Conn. He was editor of the Harvard Crimson and a newspaper reporter before entering insurance. He was vice-president of Massachusetts Bonding when he resigned to go with the Flynn & Harrison Brokerage firm in 1926. He retired in 1952.

JOSEPH PEAVOY Jr., 53, assistant superintendent special risk department of Hartford Fire in the western department at Chicago, died in his home in suburban Park Ridge. He began in insurance with the Meserole group and then went with New York Underwriters at New York, remaining there for about 15 years as one of the senior officers. He was transferred to Hartford Fire's western department about a year ago.

LEWIS C. HELLER, 68, retired state agent of Providence Washington, died at University Hospital, Columbus, O. After returning from overseas duty in World War I he joined the local agency of his father, S. E. Heller, at Canal Winchester, O., in 1919. He accepted a field position with Great American in 1921 and travelled in Ohio for eight years. In 1929 he became state agent for Providence Washington, where he remained until ill health compelled his retirement in 1953. He had taken an active part in field club and fire prevention programs and was widely known throughout the state.

New Orleans Insurance Exchange has nominated Milton F. Hilbert Jr. president, T.N. Bernard vice-president, Thomas F. McMahon secretary, Charles L. Rittenberg treasurer, and Robert C. McIntyre, Richard P. Ellis, and E. P. McCloskey members of the executive committee.

Personals

Sylvester Melvin, director Greene County (Ill.) Farm Mutual, recently celebrated his 110th birthday at the home of his daughter in Greenfield.

William J. Harding, public relations director of Texas Insurance Advisory Assn., Austin, has been elected president of the central Texas chapter of Public Relations Society of America.

Mrs. Fern Larsen is marking her 30th anniversary with National Council on Compensation Insurance. She has been with the council's Mountain States Compensation Rating Bureau in Denver since 1931 and assumed her present position of secretary in 1955.

W. L. Nolen, U.S. manager of Commercial Union-North British, was tendered a testimonial dinner at which his associates honored him on his forthcoming retirement at year end. Mr. Nolen, with the group since 1928, was named U.S. manager of North British in 1952 and assumed the same post with the combined operation on the merger in 1959.

Jack Clay, Deputy For 4 Years, Named Mo. Superintendent

Jack Clay of Cape Girardeau, for the past four years deputy state superintendent of insurance under C. Lawrence Leggett, who resigned last month, has been named superintendent of insurance of Missouri. Mr. Clay has been acting superintendent since Mr. Leggett resigned. George D. Young, assistant secretary-treasurer of Transit Casualty of St. Louis and a former state representative, previously had been named superintendent by Gov. John M. Dalton, effective on Nov. 15, but as a captain in the Air National Guard of Missouri he had been called to active duty and presumably has been unable to obtain release from his army duties. The Clay family has a general insurance agency at Cape Girardeau with Superintendent Clay's father as its head. He is a brother-in-law of State Sen. Albert M. Spradling Jr., long a power in Democratic party circles and the legislature. Superintendent Clay is well qualified for his new post and is highly regarded in company and agency circles.

NFPA Publishes New Book On School Fire Problems

National Fire Protection Assn. has published a new 352 page book, Operation School Burning No. 2. It is based on research and tests conducted by the Los Angeles Fire department.

The test reports make a significant contribution to the solution of problems surrounding life safety in schools, and the new publication is therefore of special importance to school administrators, architects, and engineers.

It describes in detail each of 117 experimental fires and resulting findings and is available at $5.75 a copy from NFPA, 60 Batterymarch Street, Boston.

THE NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

Published by The National Underwriter Co.

EDITORIAL OFFICE
17 John St., New York 38, N. Y.
Tel. BEckman 3-3958 TWX NY 1-3080
Kenneth O. Force, Executive Editor
John N. Cosgrove, Associate Editor
Jud Higgins, Assistant Editor

CHICAGO EDITORIAL OFFICE
175 W. Jackson Blvd., Chicago 4, Ill.
Tel. Wabash 2-2704 TWX CG 654
John C. Burridge, Managing Editor
Assistant Editors, William Faltysek and R. R. Cuscaden
Marjorie Freed, Barbara Swisher and Nancy Wells, Editorial Assistants

OFFICERS
John Z. Herschede, President
Louis H. Martin, Vice-President
Kenneth O. Force, Vice-President
H. P. Gravengaard, Vice-President
Robert B. Mitchell, Vice-President
George C. Roeding, Vice-President
James C. O'Connor, Secretary
Joseph T. Maloney, Treasurer

ADVERTISING OFFICE
175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 654
Raymond J. O'Brien, Advertising Manager

BUSINESS OFFICE
Charles P. Woods, Sales Director
420 E. Fourth St., Cincinnati 2, Ohio

REGIONAL SALES MANAGER
Fred Baker, Atlanta
Paul Blesi, Cleveland
Alfred E. Cadis, Dallas
David Chapman, Des Moines
William J. Gessing, Detroit
Clarence W. Hammel, New York
Roy H. Lang, Boston
James E. McSurely Jr., New York
Howard J. Meyer, Minneapolis
William D. O'Connell, Chicago
Raymond W. Rieke Jr., Los Angeles
George C. Roeding, Cincinnati
A. J. Wheeler, Chicago
Ronald W. Taylor, Boston
Robert J. Wieghaus, Chicago
George E. Wohlgemuth, St. Louis
Willis H. Yocom, Denver
Robert I. Zoll, Philadelphia

SUBSCRIPTIONS: Address all communications to the National Underwriter Co., 420 East Fourth Street, Cincinnati 2, Ohio. Price $7.50 a year (three years $20); Canada $8.50 a year (three years $23); foreign $9 a year (three years $24.50). 30 cents a copy, back copies 50 cents. CHANGE OF ADDRESS: Enclose address sticker and Post Office form 3579 with new address, send to 420 East Fourth Street, Cincinnati 2, Ohio. Allow three weeks for completion of change.

Sees Marketing Function Revised In Basic Aspects

(CONTINUED FROM PAGE 5)

the new marketing unit.

To accommodate an increasing communications burden and to free the marketing staff from excessive contact with the field, a new staff field operations department was established. The field operations manager and his sales, claims, underwriting and personnel consultants serve primarily as staff to the vice-president of field administration.

The home office marketing department is divided into four areas of broad responsibility: Personal lines, commercial lines, claims and advertising. The primary need was balanced emphasis in the product line, Mr. Jacobs said, and the new organization assures that each important sector will get continuing, high level action.

Cooperation Vital

Another basic need was teamwork between sales and underwriting, Mr. Jacobs continued. Historically, sales departments have demanded more coverages, lower rates and unrestricted marketing. At the same time, underwriting units wished to keep the product line down to the minimum manageable size, with the highest possible rate from the most loss-proof market. Although both departments desired profitable, secure operations, complete harmony between them has not been the rule in most companies, and his was no exception, Mr. Jacobs declared.

But intra-company conflicts and slowly emerging compromises are an expensive luxury in today's market. Mr. Jacobs therefore believes that a marketing executive, who is given authority and responsibility for merchandising a profitable product for the right market at the right price, and at the right time (not a year after competition), will contribute more to the company's growth and financial stability than will a committee of functional specialists.

The marketing organization is working well in his company, Mr. Jacobs reported. The field operations department is contributing materially to the smoother functioning of the marketing activity. The marketing staff is not insulated from the day-to-day business of giving advice to the field and learning, in turn, of competitive developments and problems. But repetitive contacts on the same problems are minimized. Above all, the marketing department is able to spend more time on its primary responsibilities—keeping the product line up to date and developing additions to it.

Other Duties

Every marketing project starts with a study which is made by the marketing department, Mr. Jacobs continued. The study indicates what market the company can exploit profitably and effectively. After management approval, the marketing unit develops and introduces a product, whether the specific competitive situation calls for adoption of a bureau program or an independent one. .

Other marketing department functions include filings; pricing; distribution; underwriting gain (goals); underwriting guide for the field; policies, (contract, related forms and endorsements); statistical requirements for evaluation; reinsurance; premium payment plan; selling techniques and training; sales promotion, advertising and publicity; commissions and bonus premium; claims (policies and training); costs; evaluation and control, and periodic review and updating.

This list of responsibilities might give the inference that the marketing department is not just a part of the home office but the "whole thing." This is not so, Mr. Jacobs emphasized. Marketing recommends and coordinates as much as it decides and performs. It is a staff function. The advice of management of other departments and of the field is sought in the over-all development and evaluation of the marketing program, but the marketing unit is at the core of all market and product activity.

The goal is to keep marketing activities focused on primary targets—the market itself, the competition, the product, the price and over-all success.

Underwriters' Role

Mr. Jacobs covered the subject of account selling, remarking that it is one thing to talk about it but quite another to "bring it off." It is a new concept that calls for new kinds of packages, a reeducation of salesmen and a new philosophy of underwritng. The underwriter is going to have to get rid of his fedora and don a space helmet.

Mr. Jacobs wonders, for example, how underwriters are going to keep traditional ideas of risk selection compatible with underwriting on an account basis. He wonders what the solution will be when underwriters can no longer offer to write the house but not the car, or the fire but not the burglary.

As companies move toward the marketing concept and toward consumer needs, the more apparent it will become that the underwriter must adopt a new and creative approach to the challenge of account selling. The underwriter is now on the marketing team as never before, and creative underwriting will play a large part in determining how well mutual insurance will fare in the competitive climate ahead, Mr. Jacobs emphasized.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. LaSalle St., Chicago, Dec. 12, 1961

	Bid $	Asked $
Aetna Casualty	149	155
Aetna Fire	152	156
American Equitable	25½	27
American, Newark	30½	31½
American Motorists	31½	33
Boston	44	45½
Continental Casualty	107	109
Crum & Forster	56	57½
Federal	76½	78
Fireman's Fund	65½	67
General Re.	185	195
Glens Falls	54	55½
Great American	61	62½
Hartford Fire	83½	85
Hanover	52	53½
Home of N. Y.	62½	63½
Ins. Co. of No. America	107	109
Maryland Casualty	49½	51
National Fire	163	Bid
National Union	50	52
New Hampshire	76	78½
North River	52½	54½
Ohio Casualty	35	37
Phoenix, Conn.	136	140
Prov. Wash.	28	29
Reins. Corp. of N. Y.	29½	31½
Reliance	68	70
St. Paul F. & M.	92	94
Springfield Ins.	45	46½
Travelers	166	170
U. S. F. & G.	73	75
U. S. Fire	42½	44½

Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago

Insurance stocks cut a ragged pattern last week again. There were steep declines in several issues. The fire-casualty stocks were heavy, but there were indications of firming late Friday. There were some strong spots, though. Kansas City Life kept on going and at 3,150 was 200 points higher. Monumental Life was up 5 and in the fire-casualty section Phoenix scored a gain of 4.

Conn. General plummeted 21 points to 275 bid, which substantially reduced the margin for arbitragers in connection with the Aetna Fire program. The latter was down 4 points. Selling C.G. at the bid price of 156 and buying Aetna at the offering price of 156 still gave something of a margin, however.

Aetna Life was off 5½ and Aetna Casualty 4. Hartford Fire was down 3½, so the Hartford issues on the whole were under selling pressure. Travelers kept about even for the week as a whole, though it was off from its mid-week levels.

Reliance declined for the second week and at 68 or so was off about 8 points from the recent high. Insurance Company of North America sagged. So did Continental Insurance. Continental Casualty faded a trifle but Continental Assurance went into new high ground at 209 bid.

Old Line Life went to 210 bid on word of a proposal for a 5-1 split and a 20% stock dividend.

All-American Life & Casualty confounded those who had felt that even with its splendid rate of development and growth it was commanding a high price in the market. It raced up another four points or so into new high ground at 32½. Inland Life of Chicago that has won the public fancy dropped out of orbit. From a high of about 22 it dropped to 15 bid Friday.

Franklin Life was down 6. Republic National Life that had a spectacular run to about 110 failed to get support when sellers appeared until around the 90 mark. Jefferson Standard Life was up 2 at the 100 level while B.M.A. lost 3. Ohio State Life continued to gain strength on the prospect of a solution of the Columbus Mutual Life problem. It got as high as 83 on the bid side. Life Insurance Company of Virginia recovered from a recent sinking spell of about 15 points and was in demand at 130. A lot of 22,000 shares of Washington National was placed, away from the trading market, mainly with institutions.

The public continues to be interested in the lower-priced issues—mainly the new situations and brokers are scouring the country for things that might offer promise. There is danger here. The public is tempted to go into new issues, without doing the arithmetic of multiplying the number of shares by the market, to see what that does to the total share valuation of the company. When it comes to seasoned companies, though, they get particular and look for flaws. Growth with a capital G is the magic word.

American Mutual Fund cut back its Aetna Life holdings from 24,000 to 11,000 shares.

Manual Assessment Plan Is Detailed

(CONTINUED FROM PAGE 1)

minimum of contact with supervisory officials. These companies did not have to share in the manual preparation expense, their cost being limited to twice the cost of printing.

The new program is designed to spread the manual preparation and regulatory approval expense, a major portion of the bureau budget, against all manual purchaser companies, based on their premiums in the states and for lines for which manual service is received. The manuals and revisions have been copyrighted since Jan. 1, 1961 in order, as the bureau explains it, to alert those who use the manuals that a fair fee for their use may well be due the National Bureau. A relatively free and liberal license has been granted in return for this fee.

In order to implement this program it was necessary that the bureau staff apportion expenses between the cost of activities directly or indirectly bearing on the production of the manuals and the cost of services performed exclusively for members and subscribers. Then, based on the 1961 budget, separate charges were made to companies for auto, boiler, burglary, general liability and glass, subject to a minimum of $100 a year for all lines. The charges will apply to the net direct premiums in those lines and states for which service was received, excluding only Texas auto BI and PDL and Massachusetts auto BI.

The bureau intends to reapportion manual preparation expenses as soon as practicable after the end of 1961. Reapportionment will be based on actual 1961 premium volume and payments will be adjusted to reflect the extent of actual participation in the manual purchase program. The current assessment ratio is 17.86 cents per $1,000 of premiums for the auto manual, a charge which is paid by purchasers, subscribers and members alike, but if assessed on the old basis against members and subscribers only would be 32.04 cents per $1,000 of premiums to these companies while the non-members or subscribers would have paid twice the printing cost.

In other lines the difference in cost to members and subscribers is not so striking as auto. For example, the boiler manual is assessed at 27.79 cents per $1,000 of premiums which compares with 29.77 cents per $1,000 had the cost not been reapportioned. Burglary is 28.67 against 36.91 per $1,000; general liability 20.22 against 29.80, and glass 22.22 against 37.71.

Individuals or organizations not engaged in any phase of the casualty business, and individuals or organizations operating as independent agents or brokers may continue to purchase manuals at twice the printing cost.

A procedure has been established also under which members and subscribers of other rating organizations may secure library copies of the manuals for reference use at a fee of $100 a year. The bureau has a manual exchange program in effect with a number of independent companies under which the bureau and the independent company manual are exchanged on a complimentary basis.

J. R. Berry Boosts No Prior Approval

(CONTINUED FROM PAGE 1)

disapproved. This ignores practical difficulties of filing, expense, and the penalty provisions of the rating laws either as they now exist or as they are drafted in the proposed bill. The idea that filings could be used by which a company overnight could rush in and steal business either on an individual basis or wide-spread, Mr. Berry said, is also non-substantial. That could be done under a prior approval law on a class basis today, and any reasonable administration of a rating law would prevent it from happening on individual cases. The commissioners know what companies to watch and the penalties for a violation are too great for companies to take chances, he observed.

The only substantial objection that he can find, Mr. Berry said, is the fear that a no prior approval law will aid in commission cutting.

Not Proper Conclusion

Those who were worried about this should think long and hard, he advised. If commission cuts are to come they will come for reasons having nothing to do with rating laws. Economic conditions will force whatever change is coming in commissions, rating laws or no. Agents in New York, Connecticut, New Jersey and Mississippi, for example, have bills in effect or introduced to prohibit commission cuts. These are all prior approval states. Apparently, Mr. Berry said, commission cuts have hurt the most in states with prior approval. However, he added, this isn't a proper conclusion although it is a conclusion that can be drawn. It is, in fact, the economic conditions in those states, and the proper conclusion is that prior approval doesn't give protection against commission cuts. There is no quick solution to the rate regulation problem, in Mr. Berry's view. He hopes the producers will continue to study the issue and not be motivated by emotion. Mr. Berry pointed out that conditions within the business or affecting the business can cause changes those in the industry cannot bring about by themselves. He mentioned two developments of the past few months that could cause a change of attitude and bring about a more favorable atmosphere for no prior approval legislation.

Todd Shipyard Case

One of the situations is the Todd shipyard case in Texas which has been adjudicated by the state supreme court with the holding that the insured of a non-admitted company cannot be required, as the law had prescribed, to pay the premium tax on his insurance.

How long will the National Board companies try to meet that kind of competition under a prior approval rate law? Mr. Berry wondered. The decision puts the non-admitted insurer in a favorable rate position and it puts the insured in a favorable cost and thus favorable price situation in his own industry. The advantages of the non-admitted approach in this case are difficult to cope with.

Tennessee Decision

The Tennessee supreme court decision on the bureau rate request for automobile insurance has strong implications, Mr. Berry said. That is the decision under which the commissioner was upheld in his point of view that because not all companies in the bureau needed the rate increase, it would provide unjust enrichment to some, and therefore the filing was disapproved.

How long are the companies going to be in business with a prior approval law when a commissioner has to pass on the rate and can deny it without giving substantial reasons? Mr. Berry asked. Private business cannot live under that system. He asked if anyone in the audience knows of any business that has its price regulated that is making money. He cautioned not to include utilities because they are monopolies, but in the transportation field—airlines, railroads, steamship companies—all are in trouble.

Clarifies Issue

It isn't state regulation that is at issue, it's price regulation, Mr. Berry emphasized. He said he cannot see the sense in having people pass on an insurance rate before it is charged.

The Texas and Tennessee situations are not alarming to Mr. Berry, because he said they could force people to look at the ultimate impact of change and come around to recognizing the advantages of no prior approval.

A company man asked whether he feels no prior approval will cause concern in Congress, considering the various sizes of department staffs and the various degrees of quality. Will Congress consider no prior approval effective regulation? Mr. Berry said he feels the other way. If the business stays with prior approval it is known that at least certain people in Congress will be concerned whether the requirements of the McCarran act are being met. But, he emphasized, fear of the Kefauver committee is not a compelling reason for the position of

National Board. Its record on the issue dates from before Senator Kefauver or Senator O'Mahoney.

Agent Poses Question

An agent asked if under no prior approval the agents and companies want to put money in escrow so that if a rate is subsequently disapproved it can be paid back. Mr. Berry said the business cannot take responsibility for impoundment of premiums or the making of returns. It isn't feasible. It was tried in Missouri about 30 years ago and up to a year ago he was still seeing the tag end of the litigation. Averages and equity guide insurance rate making, he explained. Sometimes rates aren't proper as experience changes, even though they were when the rate was filed. Even a rate decrease may become excessive as time goes on. But if a rate is inadequate, the rate adjustment is a prospective not a retroactive change. If the companies are forced to return what is considered to be an overcharge but are unable to recover the inadequacies of past rates because experience is changed, they will be driven out of business. They will have the possibility only of downward rates.

Another agent asked what connection the Tennessee case had with the prior approval-no prior approval situation. The same filing could have been disapproved subsequently.

That question goes to the core of whether there should be any price approval, Mr. Berry said. The answer may be a California type of law under which there is no requirement for filing.

Another agent said there is concern about keeping the burden of proof on the company making the filing.

Mr. Berry replied that that is the full intent of the board companies and they do not mean to leave any doubt as to that. It isn't even pure altruism. There are other filers besides board companies that he would like to see with the same burden.

The comment was made that deviations appear to be a way around the prior approval question, and Mr. Berry said it is not just the number of them that are being made but the rate of increase is startling, and so is the growth of non-admitted insurance. Citing figures on eight non-admitted companies from 1956 to 1960, he said their rate of increase of premiums written was 687%. Two of the companies had been in business only three years; one had an 800% gain in three years to something like $7 million in business, another went from $1 to $2 million and another went from $1.1 million to $6.5 million. The business goes where it can get the kind of service it wants, and more frequently that appears to be in a non-admitted market.

Bituminous Casualty Improves Underwriting Ratio In Third Quarter

Bituminous Casualty's results in the third quarter of 1961 showed a slight improvement over the company's adverse underwriting ratios earlier this year. The operating profit for this period was $27,000, permitting an addition of $100,000 to surplus.

After taxes, investment income and appreciation totaled $1,352,000 in the third quarter. There was an underwriting loss, after dividends to policyholders, of $1,491,000. Surplus for the first nine months was $13,212,000, compared with $12,822,000 for the same period in 1960.

Premium writings for the first 10 months of 1961 totaled $31,700,000, an increase of 5% over the same months in 1960. Total assets for the first three quarters of 1961 were $68,600,000, up approximately $5,100,000 from the end of 1960.

Coleman To W.H.McGee

Charles E. Coleman has joined W. H. McGee & Co. as assistant vice-president in charge of hull production.

Mr. Coleman has been in the marine business since 1935. He was with Marsh & McLennan for a number of years before joining Albert Ullmann Marine Office where he became vice-president and then president for four years.

Assn. of Casualty & Surety Companies has published revised editions of Massachusetts and Montana workmen's compensation law pamphlets. They are available at $2 each from the editor of law publications of the association at 60 John Street, New York.

Snider In Research For Buyers' Group

H. Wayne Snider, associate professor of insurance, has been named director of American Society of Insurance Management.

Mr. Snider was on the teaching staffs of University of Washington and Illinois Wesleyan University before taking the Wharton School post. He is the author of many articles and of text books on the subject of risk management.

State Farm Mutual held open house recently at its new Lake Central regional offices in Lafayette, Ind. Tours were conducted through the various departments. Covering 80,000 square feet of land, the usable footage of the building's interior is 76,000 square feet.

Moffett Advanced By Keystone

Henry L. Moffett has been elected executive vice-president of Keystone Ins. Co. and Keystone Automobile Club and a director. He joined the organization in 1959 as vice-president and secretary-manager of Keystone Ins. Co. He is a vice-president of National Assn. of Multiple Line Committees.

J. Maxwell Smith, president, continues in general administrative charge of the Keystone organization.

Surety Assn. Of Wis. Elects Dittmer

Surety Assn. of Wisconsin has elected Edward Dittmer, Home Indemnity, president; Henry W. Topley Jr., New Amsterdam Casualty, vice-president, and Paul W. Wolfgram, Allied Ins., secretary-treasurer.